

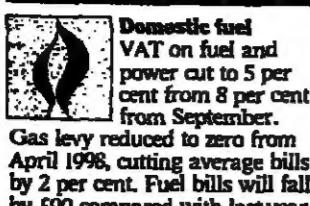
12-PAGE  
BUDGET SPECIAL

## BEST FOR ANALYSIS

ANATOLE KALETSKY  
ANNE ASHWORTH  
PETER RIDDELL  
MATTHEW PARRIS  
TIM CONGDONHENMANIA  
HITS NEW  
HEIGHTSWimbledon  
PAGES 3, 56

## BEST for JOBS

## TWO SECTIONS

Graduates \_\_\_\_\_ 25K  
Managers \_\_\_\_\_ 70K  
Marketing \_\_\_\_\_ 85K  
Executives \_\_\_\_\_ 100K  
36 PAGES OF APPOINTMENTSBUDGET  
SUMMARY

Cigarettes and alcohol  
Packets of 20 cigarettes up 19p from December 1. Alcohol duties to be reviewed; meanwhile duties will rise in line with inflation, adding 19p to a bottle of spirits, 1p to a pint of beer, 4p to a bottle of table wine and 1p to higher strength alcohol, including alcopops from January.

**Motoring**  
Petrol up 4p a litre (18p a gallon). Unleaded to cost 64.7p a litre (29.4p a gallon). 4-star up to 70p a litre and diesel to 66.1p. Vehicle excise duty up by inflation rate.

**Housing**  
Mortgage interest tax relief cut from 15 per cent to 10 per cent, adding £10 to monthly payments. Stamp duty increased from 1 per cent to 1.5 per cent for property sales above £250,000 and to 2 per cent for sales above £500,000.

**Corporate tax**  
Corporation tax for large firms cut by 2 per cent to 31 per cent and for small firms by 2 per cent to 21 per cent, backdated from April 1997. Advance Corporation Tax rate unchanged but foreign income dividends scheme axed from April 1999. Tax credits paid to pension funds and companies abolished immediately.

**Windfall tax**  
The windfall tax on privatised utilities will raise a net £4.8 billion to fund the welfare-to-work programme, payable in two instalments in December 1997 and December 1998.

**Health education**  
Extra £1.2 billion for the NHS. Schools get £2.3 billion, of which £1 billion goes to fund education and £1.3 billion for capital investment. Tax relief on private health insurance for over-65s scrapped.

**Film industry**  
British films with budgets of £15 million or less will be able to write off 100 per cent of production and acquisition costs. The measure is expected to cost £30 million over three years.

**Welfare to work**  
Employers to get £75 a week to provide work for long-term unemployed in a £3.5 billion programme funded from windfall tax and reserves. Up to £200 million for advice, training and after-school support for single parents.

**Income tax**  
Income tax rates and allowances unchanged. A 10p rate of income tax will be introduced "as soon as it is prudent".

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## Brown's windfall service

Cash for schools and NHS:  
drivers and smokers hitBy PHILIP WEBSTER  
POLITICAL EDITOR

GORDON BROWN produced an unexpected £3 billion boost for schools and hospitals yesterday in a radical tax-raising Budget that included a five-year stability plan to end the years of boom-and-bust in the British economy.

In Labour's first Budget for 18 years, the Chancellor acted to cool the economy, boost investment and gradually wipe out the budget deficit. The aim was to equip Britain for the next century and "lay the foundations for tomorrow's wealth".

He hit big business, with a £5 billion windfall tax on 30 companies, and pension funds and future pensioners with the scrapping of the tax relief on dividend income. That will raise more than £2 billion this year and £3 billion next.

Home-owners, motorists, drinkers and smokers will also have to pay more to meet what Mr Brown's priorities. He described his 60-minute speech as a people's Budget, while the Tories called it a tax-and-spend Budget and claimed that it included 17 tax rises.

But even with the tightening of fiscal policy that means an extra £5.5 billion in tax revenue this year and £4.75 billion next, the City predicted that Mr Brown had not done enough to stave off higher interest rates – possibly next week.

Mr Brown had promised before the election that he would stick to the Conservatives' agreed public spending levels for the next two years, but he delighted Labour MPs by announcing that he would be raiding next year's contingency reserve – the money set aside for unforeseen events – to give the health service an extra £1.2 billion and education an extra £1 billion.

Schools will also receive £1.3 billion from the proceeds of the windfall tax on privatised utilities over the next five years to improve classrooms and equipment. Along with £200 million to help

ANATOLE KALETSKY  
Well done, Gordon. This was the phrase that kept running through my head

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# Sack threat to 15 staff at failing school

BY DAVID CHARTER, EDUCATION CORRESPONDENT

A FAILING school has told half its teachers they will be sacked at Christmas unless they meet tough improvement targets.

The first "fast track" dismissal threat to incompetent teachers was made to 15 staff at Ingram High School in Croydon, south London.

Nine remain under threat, it emerged yesterday, because two senior members of staff are being switched to other schools, two are leaving this term and two newly qualified teachers have been spared.

The move comes during the Government's consultation on speeding the removal of poor teachers. At present, it usually takes two years to go through every stage of the disciplinary process.

In a challenge being seen as a test case, the largest teachers' union opposed the move and yesterday called a ballot of members in Croydon over industrial action.

Ingram High, a boys' comprehensive, was among the 18 schools "named and shamed" by the Government in May and given four months to improve or face a "fresh start" under new management.

The Croydon move comes during a government consultation with unions and local authorities on ways to remove poor teachers quickly. Ingram High governors said they were using an exception under current rules to speed up dismissals in extreme circumstances, but the National Union of Teachers, of which the nine members under threat at the school are members, accused the authority of flouting agreements.

Roy Grantham, vice-chairman of governors at the school, said: "We are offering help to the teachers and we will certainly talk to them about what further training they will need. Some will fall by the wayside and some will get over the stile."

He said the teachers were identified by inspectors' reports, the head and deputy head. Governors had sat in on lessons.

Mr Grantham added: "We have made appeals to the teachers but we cannot go on and on. We have an obligation

to the boys, an obligation to the school and to this part of Croydon to establish good standards. Otherwise matters will be taken out of the hand of Croydon and in our view that will be worse for teachers."

The school, where 22 per cent of boys gained good grades in five GCSEs last summer and a third of pupils have special needs, was judged to be failing by inspectors two years ago, and its head teacher was replaced in January 1996. But half the lessons have been found poor by inspectors and although expulsions have been halved, discipline remains a big problem.

The Department for Education and Employment said it viewed the move as "wholly appropriate". A spokesman added: "Unacceptable performance by teachers cannot be accepted. Children only have one chance of a decent education and that cannot be put at risk."

Hugh Malyan, Croydon's education chairman, said the 15 teachers would be given "every support possible" to help them to improve. But by the end of the autumn term, if their performance had not improved to the point where 90 per cent of their lessons were satisfactory or better, they would be dismissed.

Doug McAvoy, general secretary of the NUT, said an "indicative ballot" would be held before September to ask members about industrial action if the authority pressed ahead with its plans.

"The Government has set up a working party to work towards reaching an agreement with teachers' organisations and employers," he said. "It is not proposing unilaterally to tear up existing agreements. That is what Croydon has done."

Graham Clure, branch secretary of the National Association of Schoolmasters and Union of Women Teachers, which has one member among the 15, said: "We are extremely concerned because this has got implications for all teachers in Croydon. We feel that teachers are being picked on for political reasons."



A view from the site of the Lindisfarne Monastery on Holy Island, where monks in the seventh century illuminated the gospels



The opening page of the St Matthew's gospel in the Lindisfarne Gospels

## 'Lindisfarne Gospels must stay in London'

The British Library rejects a plea from the North, says Dalya Alberge

THE British Library yesterday rejected a call for the Lindisfarne Gospels to be repatriated to the North-East, where it was created in the seventh century.

Brian Lang, director of the British Library, told a delegation of councillors from the North-East that their request was "out of the question".

The gospels, a masterpiece of early medieval European illumination, is one of the jewels of the library's collection. "It is a national treasure," Dr Lang said. "People from all over the world come to see it."

At the British Library, it was viewed by six million people every year, he said, in contrast to just 75,000 who viewed it in a loan exhibition in Newcastle last year. It was appropriate for the gospels to be displayed with the Magna Carta and other "great world treasures".

Ken Morris, managing director of Northumberland County Council, said there was huge interest in the North-East about repatriating the gospels. Every authority in the North was behind the campaign. He accepted, however, that securing a loan was their most realistic option.

Dr Lang suggested a digital

version, at a cost of £100,000, that simulates turning the pages of the real thing. Both the library and the North-East would have access to it.

"Our mission is to widen access to our collection. We are the people's library."

The gospels were created on Holy Island, off the coast of Northumberland, and were dedicated to St Cuthbert. The finished work is believed to have been taken by monks fleeing Viking invaders in 876, eventually finding a home at Durham Cathedral. It was then looted during the dissolution of the monasteries. Some local people would like it to be returned to Durham, where St Cuthbert is buried.

Dr Lang explained that after a "mucky period" the work turned up again in the 12th century and was left to the nation in 1702. "Then it became part of the British Library. We have not been in the North-East since 1530."

□ A decision to introduce admission charges to Merseyside's galleries has provoked the art historian Sir Denis Mahon, 86, into withdrawing his bequest of three 17th-century paintings to the Walker Art Gallery.

Leading article, page 25

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Leading article, page 25

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And the crowd goes wild... Henman supporters unable to get into Centre Court yesterday show their delight as his winning score appears on the results board in the grounds

## Winning way in game of two eras

Stephen Farrell and John Goodbody savour an historic British double

WIMBLEDON rarely witnesses crowd scenes such as those that greeted Tim Henman yesterday after a victory he described as his best ever. Certainly not the last time two Britons reached the men's quarter-finals. In 1961, polite applause was the order of the day.

After Henman had beaten the defending champion Richard Krajicek on Centre Court, the growing army of "Henmaniacs" went into raptures.

More than 1,000 fans have been queuing each night outside the All England club for Centre Court seats on sale up to the second Wednesday of the tournament. Some have slept outside the gates each night since the beginning of the championships, determined to see their hero play.

The most volatile, and visible, are a fanatical party of nine from Carney Island and Ipswich. They are made up of two families who met in a Wimbledon queue seven years ago. Their outsize Union Jack, top hats and flat caps are always in the front row on Centre Court as they lead the crowd's chanting.

Alan Brackett, 49, a BT contractor who leads the group, was almost hoarse with joy. "It's great. I think Krajicek was beaten when he came out. Henman's a winner, isn't he?"

Mr Brackett, his family and their friends Sarah and Julia John, from Ipswich, sleep

under tarpaulins each night. For six years they met only at Wimbledon, but last year began travelling together to see Henman and his British rival, Greg Rusedski, at the British championships in Telford and the Davis Cup.

Another devoted fan in the queue, Caroline Ford, 18, from

Andover, Hampshire, missed out on a Centre Court ticket so watched her idol on a huge video screen in the grounds. "I love tennis but it's been really boring supporting the British players for so long. Now it's really exciting."

One surprising absentee was Jean Tyson, 43, co-

founder of Topspin, the official Tim Henman fan club. She and a friend, Denise Kimble, set up the club last November. Ms Tyson will be one of six devoted supporters flying to Ukraine next week to cheer Henman in the Davis Cup. "I can't afford to do both."

Not only are the supporters

very different than they were 30 years ago, but so are the players. According to Bobby Wilson, who in 1961 reached the quarter-finals along with Mike Sangster, "it's a different game now."

"I must admit I don't like the aggression, although it is necessary. In my day we shook

hands over the net and went into the players' canteen and very often had a chat about the match. You can't be friendly any more, they hardly even shake hands."

Sangster is now dead, but Wilson, who like Henman beat the defending champion, the Australian Neale Fraser, was back in SW19 this week to watch his successors repeat his feat. Wilson, 61, believes Henman and Rusedski have the self-belief he never had to take them past the last eight.

"I thought I could beat anyone on a particular day," he said. "But I didn't really think I could win Wimbledon. That is one of the reasons I didn't. It never entered Fred Perry's mind that he could lose and, like Fred, both Henman and Rusedski think they have a real chance of winning."

Wilson was famous for wearing a knotted white handkerchief around his neck, but his performances belied the casual appearance and he appeared in four Wimbledon singles quarter-finals.

He was at Wimbledon on Tuesday to see Rusedski beat Richie Renberg, comparing his tenacity to that of Mike Tyson in his prime, and saw Henman's resumed match on television yesterday. "I thought it would eventually happen," he said. "I was sure we would have players of the right ability and the right confidence."



Wimbledon, pages 52 and 56

A victorious Tim Henman applauds his supporters

## Minghella buys US novel for next film

BY DAMIAN WHITWORTH

ANTHONY MINGHELLA, British director of *The English Patient*, is to bring a first novel by an American rancher to the screen after a \$1.25 million deal for the film rights.

Minghella, whose movie of Michael Ondrasik's novel earned nine Oscars in March, will direct and write the screenplay of *Cold Mountain*, by Charles Frazier. *United Artists* won the bidding against three other studios for the rights.

*Cold Mountain* tells of a Confederate soldier who flees the American Civil War and embarks on an odyssey to return to the woman he loves. The book was reprinted seven times before publication date in America last month and received rave reviews.

Frazier, in his mid-40s, based it on true tales passed down from his great-great-grandfather. He took three years to write the book in between herding cattle at Raleigh, North Carolina. He has also taught at university and written travel books.

Carolyn Mays, Frazier's British editor at Scopre, said he was "completely overwhelmed" by the film deal. *Cold Mountain* will be published in Britain on July 17.

## Tracie Andrews 'bit fiancé in nightclub row'

BY JOANNA BALE

TRACIE ANDREWS, the woman accused of the roadside murder of her fiancé, bit him on the neck and punched him twice in a nightclub two months before he died, Birmingham Crown Court was told yesterday.

Miss Andrews, 28, has claimed that Lee Harvey, 25, died as a result of a road-rage incident.

Steven Girling, who was at Bakers nightclub in Birmingham, said: "I just saw an argument. It got quite heated. I saw Tracie Andrews bite him on his neck on the left-hand side. She stormed off after that. He did not retaliate."

Victoria Silcock, a barmaid at the club, told the court that she had taken Mr Harvey into a kitchen to treat the wound to his neck. Asked by David Crigman, QC, for the prosecution, to describe the wound, she said: "It was a cut in the shape like when you bite into an apple." She then described how Mr Harvey returned to Miss Andrews, who "looked angry with her fists clenched". It was then that Miss Andrews punched him twice in the face.

Asked how he reacted, she said: "He didn't. He didn't retaliate." She demonstrated a right hook and said: "It wasn't really hard but it was hard

Miss Andrews denies murder. The trial continues.

□ A photograph accompanying yesterday's report in some editions was not that of Lee Harvey, but of a man unconnected with the case. We apologise for the error.

## Hair gives new clue in family death hunt

BY ADRIAN LEE

A DNA sample taken from a single strand of hair found near the battered bodies of Lin and Megan Russell could provide a breakthrough in the year-long hunt for their killer.

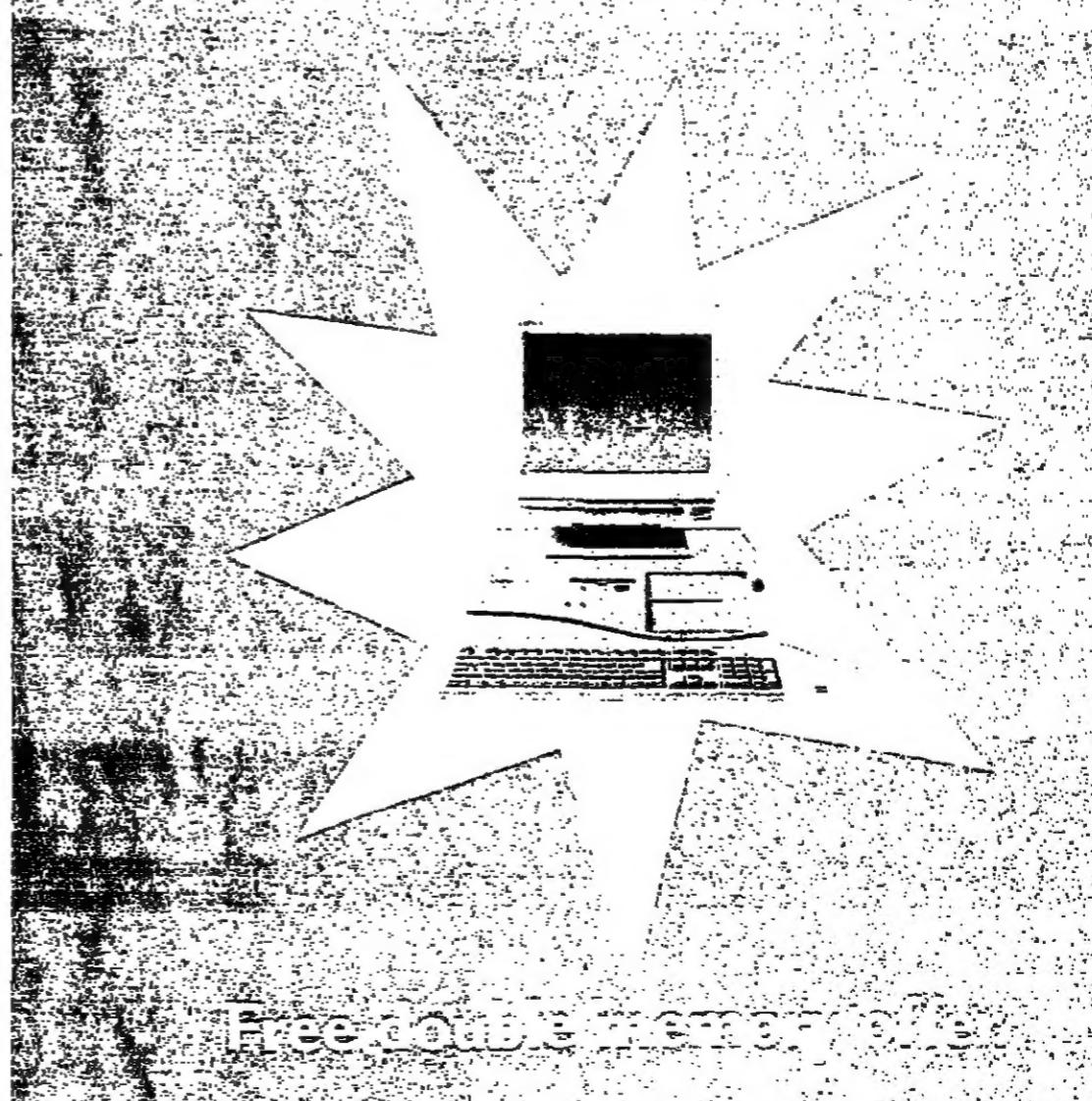
Police confirmed yesterday that 20 local people had been DNA-tested recently after a scientific advance that has allowed DNA to be obtained from a hair found at the scene. Previously, DNA could be taken only from hair roots that were living, as well as blood and semen.

Mrs Russell, 45, and Megan, 6, were murdered as they walked through fields at Chilenden, Kent. Another daughter, Josie, now ten, survived with a fractured skull.

The development was made by the Forensic Science Service and disclosed by Janet Thompson, the organisation's chief executive, to the surprise of the police who had kept the existence of the hair secret. A force spokeswoman said: "We would have preferred not to have had it released."

She added: "The 20 people are not suspects, as such, but their names are in our system. We are optimistic that the new technique will help but it is too early to say what the results will be."

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## Actor recalls his time as a rent boy

FROM GILES WHITTELL IN LOS ANGELES

THE British actor Rupert Everett, on the brink of stardom in a film opposite Julia Roberts, has admitted that he has worked in London as a male prostitute.

Mr Everett told *US* magazine that he "fell into" prostitution when propositioned by a man outside a London Underground station, and endured rough treatment from homosexual clients. "I didn't set out to hustle, but this guy offered me such a massive amount of money... and it just came in really handy," Mr Everett said. The

actor, who is open about his homosexuality, has hinted at a dual life before trying to build a drama career. He has never spoken so candidly of his past, however, and is taking a big risk with his career by airing his reminiscences before an American film industry still squeamish about homosexuality in lead roles.

"The first time is fine," he told the magazine of his time as a rent boy. "Then you're knocked about a bit on your third night of work. You go back four days later with a bruise and get knocked about again, but you've got a knife so you're OK. It becomes second nature."

Mr Everett is the toast of Hollywood for his role as Julie Roberts' homosexual friend and mentor in the romantic comedy *My Best Friend's Wedding*. TriStar Pictures has also accepted his proposal to write and star in a film about homosexual British secret agent.



Everett: endured rough treatment from clients

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# The men who tried to shut London

Bombers given 35 years for plot to blow up power supply,

Stewart Tendler reports

SIX terrorists were each jailed for 35 years at the Old Bailey yesterday for plotting to blow up London's electricity supply. The total power failure would have cost the lives of patients and drivers at traffic lights, crippled businesses and taken months to repair.

The IRA team was foiled just in time because Scotland Yard and MI5 deployed more than 500 officers on a ten-day surveillance operation, after some of the known terrorists were spotted in London. Tracker devices were put on their cars and their "safe houses" were bugged. When officers burst into their store of 37 time bombs, the batteries were being charged ready to be placed at six huge substations linking the national grid to London and the South East.

The gang was led by Gerard Hanratty, released from prison in Northern Ireland only a few months earlier. His team included Donald Gannon, one of the IRA's top bomb designers, and John Crawley, a former US marine. Police suspect that Gannon and other members of the gang could have been involved in the Manchester lorry bombing last June.

Passing sentence, Mr Justice Sean Baker said: "You were reckless as to the number of people who might be killed or maimed as a consequence of your planned bombing. Those who seek to advance a political argument by terrorism can expect no mercy in the courts of this country."

Hanratty, 35, Gannon, 34, Crawley, 40, Patrick Martin, 35, Robert Morrow, 37, John Crawley, 40 and Francis Rafferty, 45, were each con-

victed of conspiracy to cause explosions. After more than two days of deliberation, the jury acquitted Martin Murphy, 38, who had admitted in the 50-day trial that he was a member of the IRA. After his acquittal, he was rearrested by Scotland Yard's anti-terrorist branch and was being questioned last night.

Murphy said he had come to England as a courier but knew nothing about the explosive plot and said he was not a senior IRA member. In 1984, he was acquitted in Belfast of the murder of a deputy governor of the Bank of Ireland.

A businessman, Clive Brampton, 36, was cleared of helping the gang. The sentences are among the heaviest handed down by a mainland court in recent years to IRA terrorists. They are also the heaviest given when no bombing or attack was carried out.

At the judge passed sentence, there were gasps from the public gallery and one woman shouted out: "You will never serve 35 years."

The bombs were due to explode between 2.15 and 3.15am on July 22 last year. People would certainly have died either in accidents or because of the failure of systems such as home dialysis machines.

The gang rented three homes and a garage in south London to prepare for the attack. Although the IRA was using some of its most experienced operators, they never spotted the men and women watching them.

In mid-July, Scotland Yard and Security Service controllers decided that they could take no further risks and swooped on the plotters, even though there was still no sign of any explosive.

When the first police burst into a basement at Lurgard Road, Peckham, south London, they saw the bomb units lined up with their batteries being charged. Fearing booby-traps, the police retreated until an all-clear was given. John Grieves, head of the Yard's anti-terrorist branch SO13, said of the units in wooden boxes: "They reminded me of a row of coffins."

During the operation, police searched 7,000 private garages. One bonus was the discovery of £1 million-worth of drugs and stolen goods, including videos and computers.



Under surveillance: Donald Gannon, left, and Gerard Hanratty, the team leader

## How police watched the 'A team'

By STEWART TENDLER, CRIME CORRESPONDENT

THE jailed IRA men were an "A team" handpicked by the Army Council from their best men to launch a series of attacks that would bring Britain to its knees and force the Government to the negotiating table.

Once London's power supply had been disrupted, there is evidence that the IRA would then have struck at other targets. When the gang were arrested, police found maps for massive lorry bombs. One gang carried out the Canary Wharf attack that ended the ceasefire. A second planted the Manchester bomb in mid-June. Those teams were then withdrawn, and the new long-term team started to move into place.

Members began to arrive in London last June with false identities and false passports, and took rooms in the cheap hotels around Paddington Station. The unit had £40,000 in cash to set up a network of safe houses and buy materials for the attack.

Both police and the Security Service are maintaining a strict silence over how they uncovered the new IRA plan.

However, one source suggested there was an intelligence breakthrough. Some of the gang were so well known that they would have been under constant RUC or Garda Sióchána watch at home.

Once they vanished, a hunt would have started for them. It is understood that several of the gang were spotted soon



The bomb units like a row of coffins, said police

after they arrived in London and this prompted the initial investigation.

One of the bomb designs from the factory was to be used by the A team for the attack on the substations, and Donald Gannon probably helped to perfect the device.

According to Gerard Hanratty, who built the casings for the bombs in a London hideout, several of the gang had practised attacks on substations in the Irish Republic.

Police believe that the men were to be supplied with devices and material from an IRA bomb factory set up in Clonlara, Co Laois. Hidden in a bunker, an IRA engineering team was busy putting

together new designs for mortars and time bombs.

The surveillance operation, codenamed Airtime, was monitored by the Special Branch control room at Scotland Yard. The statements on the surveillance that were given to the jury amounted to 14,000 pages.

Police believe that the men were to be supplied with devices and material from an IRA bomb factory set up in Clonlara, Co Laois. Hidden in a bunker, an IRA engineering team was busy putting

chance. Each of the cars was serviced, and equipped with breakdown equipment.

Gannon even visited a public library in Battersea and checked the details of the substations in an electrical industry handbook. He slipped a page showing the national network into his pocket before he left. Surveillance police took the book to finger-print experts for possible use in court.

The closed-circuit television systems used in many high streets and railway stations were also checked for film that could be used to trace the men's movements for court.

The bomb units were built with 100-hour central heating timers and set up in the basement of a house rented in Lurgard Road, Peckham, south London. That was as far as they got before the police raid on July 15.

Commander John Grieves, head of the anti-terrorist branch, said: "They are the most dangerous men ever to come together in one place. These are long-term dedicated members of the IRA. They are the most sophisticated team we have ever seen."

The mission was based on a secret IRA war-plan known as the "S plan", agreed by the terrorist inner council in 1979.

It was for an extensive sabotage programme to disrupt economic life by blasting power supplies, railways and the London Underground.

Attempts at parts of the plan

have been carried out over the years, but the A team's was

the most ambitious.

## Nickell murder team to disband

The police team investigating the murder of Rachel Nickell, stabbed in July 1992 on Wimbledon Common, London, as she walked with her son Alex, then aged two, will begin to be dispersed in the next two months, Scotland Yard said yesterday.

The decision could lead to two civil cases. A murder case against Colin Stagg collapsed in 1994 and he has threatened to sue police over their investigation, which involved an undercover policewoman who befriended him, a strategy criticised by the trial judge. The Nickell family and Austin Ramstone, Alex's father, are reported to be considering a civil action against Mr Stagg of the murder.

### Food bug hits 17

Seventeen people in St. Bedwells, in the Borders, have symptoms of salmonella food poisoning after eating ham salad and quiche at a bowling club on Friday. George Miller, a village butcher, has voluntarily removed cooked meat products from his shelves during investigations.

### Boy hanged

A 12-year-old boy hanged himself in his bedroom, to which he is thought to have been banished by his parents for misbehaving. Police said that despite the efforts of his father to resuscitate him, Ashley Moran, from Eccles, Manchester, died on Tuesday in hospital.

### Butterfly rescue

Lepidopterists trying to save the large blue butterfly hope to establish ten self-sustaining colonies by 2005. The large blue became extinct in 1979 but specimens have been imported. They need habitats rich in thyme, on which eggs are laid, and red and purple for the caterpillars' food.

### £441,000 Rubens

A long-lost Rubens drawing which was expected to fetch up to £70,000 was sold for £441,000 at Sotheby's. The Assumption of the Virgin, belonging to the Earl of Warwick, was found by two of the saleroom experts in America, where the 7th Earl was an actor in the 1930s.

### Fewer tourists

The number of tourists visiting Britain fell 1 per cent to 6.5 million in the three months from February to April, compared with the previous three months, the Office of National Statistics reported. However, the number of North American visitors rose 18 per cent.

### Costly choice

Waitrose was the most popular among the nine biggest supermarket chains, despite being the most expensive, in a survey of Consumers' Association members for Which? The Co-op, Kwik Save and Somerfield were the least popular. Asda and Kwik Save were cheapest.

### 1930s car dug up

A man has found a car buried in his front garden. John Jones, of Poole, Dorset, believes that the 1930 Ford Sedan was used as a wartime air raid shelter. Ford said that it would be interested in displaying the car in its heritage museum.

## Loud applause for girl's muted success

By PAUL WILKINSON

VICTORIA ALDERTON has come to the aid of everyone whose child is in the school brass band. The teenager has invented a muffler for her French horn.

She plugs the device into the horn, virtually eliminating the sound audible to others. She can still hear her playing as a microphone set inside the mute relays the sound to headphones.

Victoria, 15, of Scarborough, North Yorkshire, practises the horn for up to three hours a night from 5pm. Her mother Jane said yesterday: "We live in an end-terrace house and the noise does tend to travel. You used to hear her playing down the street. The neighbours

have been terrific. No one ever made a complaint, but Victoria felt quite self-conscious. She also has three sisters and a brother who are in bed by 8pm so she can now practise until later if she needs to."

Victoria, who has just sat her GCSEs at Raincliffe School and hopes to become a design engineer, invented the gadget, at a cost of £10, as part of her coursework in design and technology. It won a prize in a county technology competition. Christine Bates, head of music at Victoria's school, said that it was hoped more would be made so that students could practise in the same room.



Victoria Alderton's horn mute came second in a technology contest

## Leukaemia sister's aid may be in vain

By RUSSELL JENKINS

A WOMAN suffering from leukaemia, who pleaded with her estranged sister to overcome her phobia of hospitals to donate bone marrow for a life-saving operation, has been told she is not a perfect match.

In April, doctors told Angela Latham, 34, from Blackpool, that her sister, Susan Squires, 39, offered her the only lifeline as she was the perfect match out of four million people tested worldwide.

Mrs Latham, a mother of two young children, has now been told

that her sister is only a partial match, which reduces the chances of an operation being successful.

Mrs Latham said: "I had been on pins the whole time waiting for

the test results and then the letter arrived. I still can't believe it as I was convinced there was a chance. Originally I was told by the doctors she was a perfect match. She was a life-line.

"I am still hoping it can go ahead. It depends on how much the blood reacts when it is put together. The doctors are still hoping it can go ahead. Until I see a specialist I am keeping my chin up as best I can. It is a case of just wait and see."

The episode has healed the rift between the two sisters, who live on the same estate but had scarcely spoken for two years. Mrs Latham said they were now back together as before.

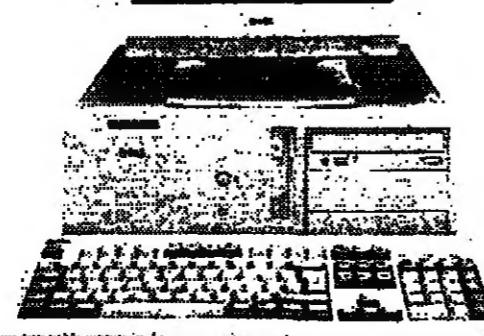
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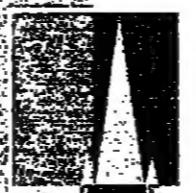
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# When a building is described as a toilet, it isn't necessarily derogatory.

A public convenience isn't usually the kind of place where one would stand and marvel at the finer points of architectural design.

But if you happen to be caught short in Westbourne Grove in London, you'll be relieved to find just such an establishment.

As you can see from our picture, this is no bog-standard loo.

It consists of a structural steel frame, a cantilevered polyvinyl roof and a triangular plinth of turquoise-green glazed bricks.

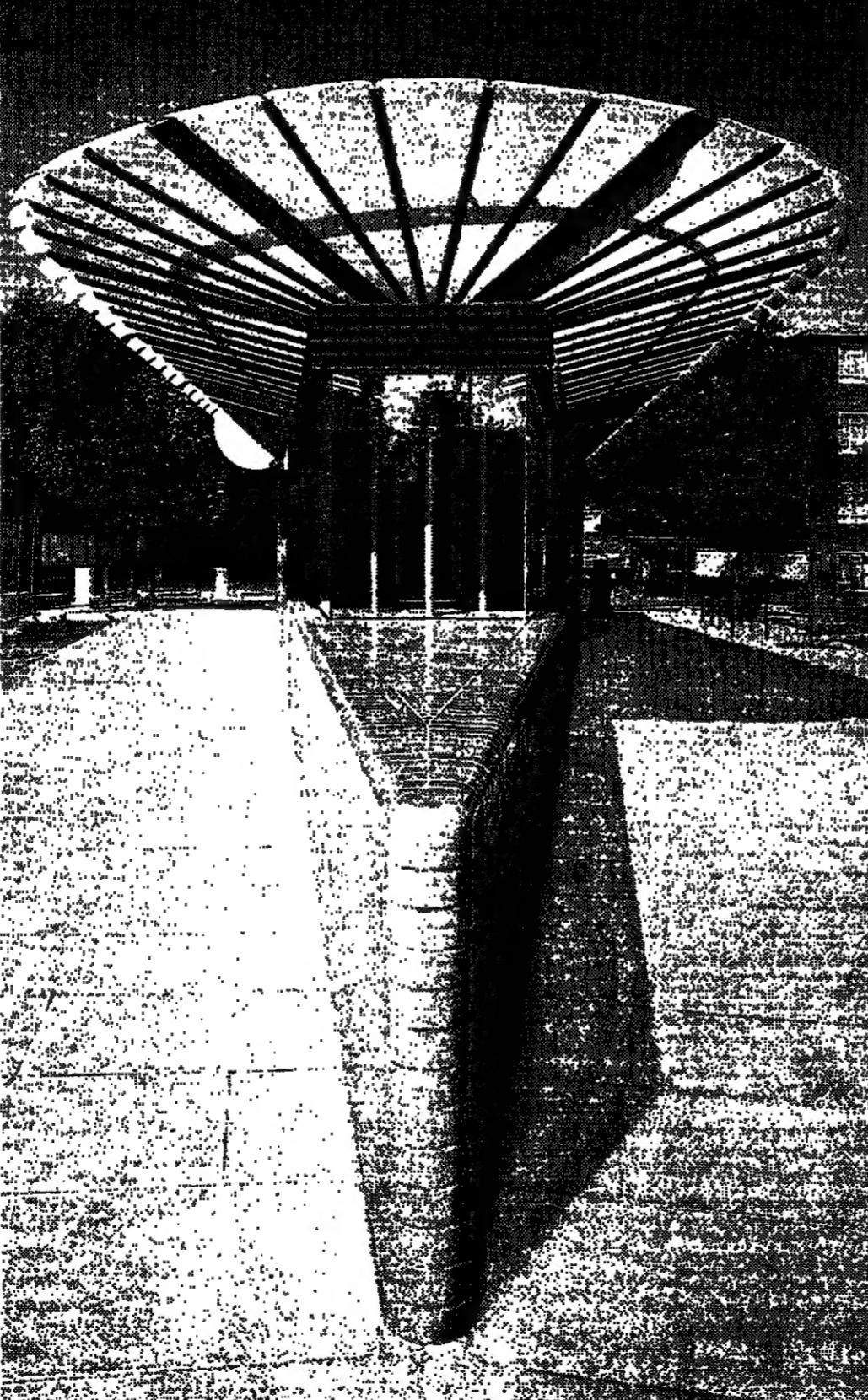
The building owes its existence to a local residents group called the Pembridge Association.

For twenty years, there had been a "temporary" Portakabin-style loo on the site.

Then in 1990, the local council announced its proposals for a permanent replacement.

Having seen the rather disappointing plans drawn up by the borough engineer, the Pembridge Association decided to take matters into their own hands.

They instructed architect Piers Gough



A fashionable restaurant? No, a functional lavatory.

to come up with an alternative plan, with the proviso that it had to be within the council's original budget.

After two years of negotiation and persuasion (and an injection of £10,000 of the Pembridge Association's own money), the plan was finally approved by the council

and the building completed in 1993.

At English Heritage, we can only applaud the Association's tenacity and perseverance.

No building, however functional, need be badly designed.

It may surprise you to learn that more than eighty public conveniences around the country are listed buildings.

Indeed, some listed buildings aren't even buildings.

Notable examples of England's architectural heritage include drinking fountains, horse troughs, bus shelters, telephone boxes, lamp standards, even the occasional park bench.

In their own way, they're as worthy of recognition as the nation's wealth of castles, palaces and country mansions.

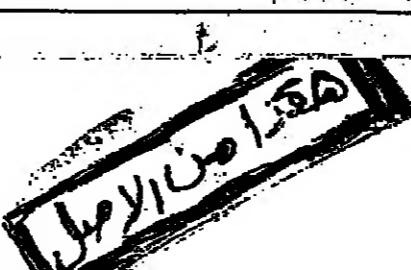
As the eminent designer Margaret Macdonald Mackintosh once said: "The

design of a pepper pot is as important as the conception of a cathedral."

And what's true of pepper pots is true of chamber pots.



ENGLISH HERITAGE



Robots on the trail of cereal killer

# Eagle owl carves niche for itself at Wren cathedral

AN EAGLE owl has landed at St Paul's Cathedral — attracted by the plentiful supply of pigeons and the cliff-like crevices of Sir Christopher Wren's masterpiece.

Perched between the colonnades below the cathedral's distinctive stone gallery, bell and lantern, the owl is keeping watch over London by day and helping to keep the pigeon population under control by night.

The owl proved elusive yesterday but has been seen and photographed by members of the cathedral's works department. It is thought to have escaped from captivity.

Mike Dove, 31, a stonemason, was the first to encounter the bird about a month ago, and since then the craftsmen restoring the Portland stone exterior have stared in amazement at the tufty-eared creature, which "gazes back steadily for minutes at a time.

Then, leaving behind the remains of its feast from the night before — bits of fur and bone — the bird spreads its 5ft wings and soars down then up, alighting on the bell tower at the east end of the cathedral. It disappears into the tower, accessible to human beings only by ladder, accompanied by cacophonous screeching from the lesser bird population.

It is thought that the owl may be nesting in the bell tower. There is already a family of kestrels thriving in the clock tower.

Yesterday I stood between the colonnades, having climbed 300 steps above the Whispering Gallery, hoping for a glimpse of the owl, but it had flown. Hanging from the ledges were pieces of fur that might once have belonged to mice, and vast rivers of bird droppings, but no owl. Mr



**Kathy Gledhill** climbed 100ft in search of a rare visitor to Britain which has proved content to confine its sightseeing to St Paul's

Dove explained how he first suspected that the cathedral had an unusual visitor. "It was the amount of bird droppings coming down. It was definitely not a pigeon."

He thought that it might be a seagull, and resolved to take a closer look. While looking up from a narrow ledge, his gaze was met by an equally bold stare from the bird. "I swear it was massive," he said.

"It was up there every morning. As soon as we went up, it would give us three to four minutes staring at it. Then it would take off, sweep down and fly up to the bell tower. All the birds around would go mad."

Down below, the men from the works department were debating the bird's size. "It was this big," they said, stretching arms as wide as they could go. "It was 18 inches high," said one. "More like 4ft," said another. "It's got a little band on its leg, Jess," he added. "We think it's come here because there is plenty of food. Put it this way: there are no pigeons on the colonnades now."

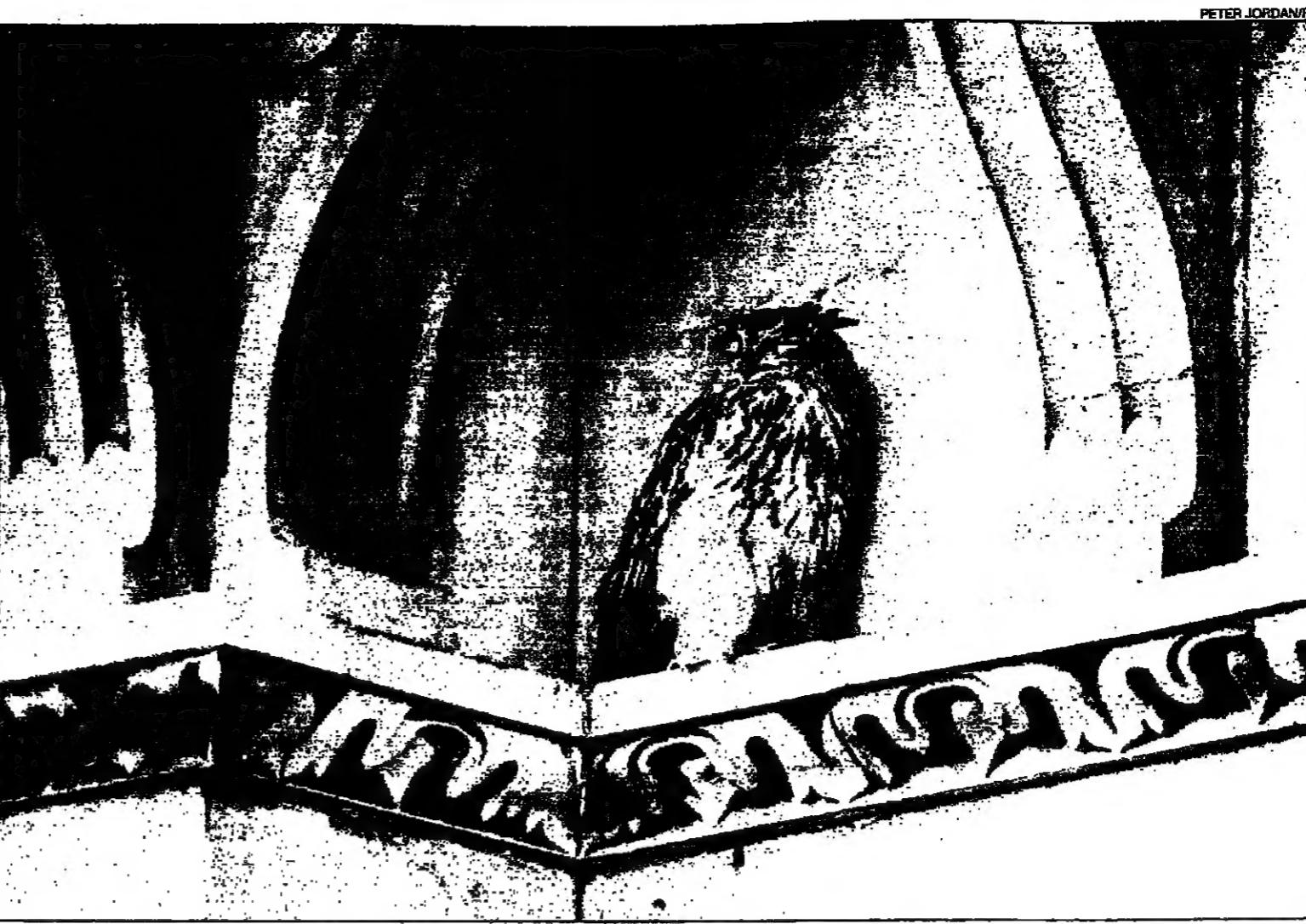
Owls, the archetypal predators of the night, were considered a symbol of wisdom in classical Greece. Athens was overrun with owls. In Rome, however, they were said to foretell death, and were said to have appeared at the deathbeds of several emperors.

Primitive societies have believed that owls embody the spirits of the dead, and pre-

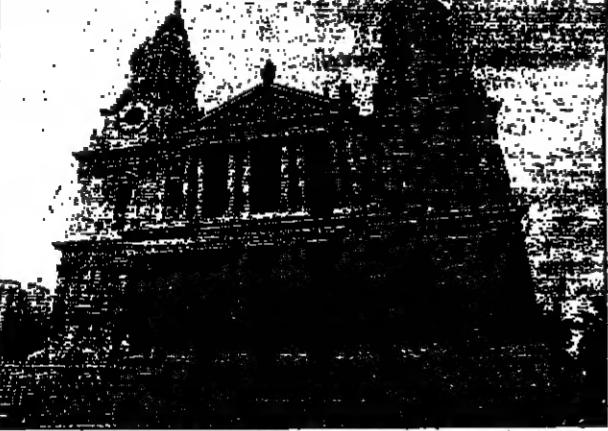
Christian pagans in Britain believed that they were corpse birds from the underworld. In medieval Europe, birds were associated with the Devil.

In some countries, owls are feared because they are believed to possess the ability to carry off souls. In Japan, however, they are considered symbols of goodness and are thought to bring good luck.

According to Christian legend, Christ once asked for a cake in a baker's shop, but the baker's daughter gave him half what he paid for. As punishment she was transformed into an owl.



The eagle owl at rest yesterday. The population of pigeons around St Paul's Cathedral has declined noticeably since the predator's arrival



The owl's perch, circled, at the cathedral yesterday

## THE FUGITIVE FROM CAPTIVITY

Ornithologists identified the unusual avian visitor as a Eurasian eagle owl, the biggest of the owl family with a wingspan of up to 5ft. It has not been native to Britain since the last Ice Age (Michael Hornsby writes). Mike Everett, of the Royal Society for the Protection of Birds, said: "There are no known examples of wild eagle owls crossing the Channel, so this must be a fugitive from captivity. They are popular with zoos and falconry keepers."

The eagle owl, *Bubo bubo*, is found across continental Europe and Asia, from the Arctic to southern China. In Europe it is typically associated with forested rocky outcrops, cliffs and ravines. Elsewhere its habitat includes dense forests, mountains up to 13,000ft, and deserts. The bird has a wide range of prey, and there is one report of an eagle owl taking a roe deer.

Ashley Smith, director of the Hawk Conservancy at Andover, Hampshire, said the bird should be caught: "Escapers generally do not fare well."

## Robots on the trail of cereal killer

By NICK NUTTALL

ROBOTS are being developed to hunt and destroy slugs in fields of crops.

Chris Melhuish, of the University of the West of England, in Bristol, said the robots would vacuum or pick up the slugs before putting them in a digester where they would be fermented. The resulting methane gas would be used to re-charge the robot's batteries.

Researchers are keen to ensure that the machines do not also kill snails. The robot may incorporate an electronic eye to scan the shape of the prey to make sure it is a slug.

Farmers spend £10 million a year on slug pellets, whose chemicals can harm the birds and animals that feed on slugs.

Owen Holland, the project leader, said in *New Scientist*: "We are trying to find out if it is possible to build a robot system that needs no human intervention." The researchers, who have secured a £60,000 government grant, hope to have a prototype within two years.



Saturday in THE TIMES

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July 3 1997

# EU accuses Britain of illegal beef sales

By MICHAEL HORNBY, AGRICULTURE CORRESPONDENT

BRITAIN is facing the threat of legal action for violating the worldwide ban on the export of beef imposed by the European Union 15 months ago after the disclosure that "mad cow" disease might have passed to humans.

The European Commission said yesterday that an EU inspection team, which had just returned from Britain, had "confirmed suspicions" that British beef had been fraudulently exported to countries inside and outside the Union.

A European Commission spokesman said in Brussels that Emma Bonino, the Commissioner responsible for consumer affairs, had sent a copy of the team's report to Jack Cunningham, the Minister of Agriculture.

The spokesman said Signora Bonino had told Dr Cunningham that British checking mechanisms were "obviously inadequate", but the Commission refused to say where the smuggling was taking place.

how long it had been going on or much beef was involved.

To reveal such information, the Commission said, would prejudice investigations now under way in EU member states to which British beef had been illegally shipped. It added: "The Commission is examining whether the evident inefficiency of controls

should result in infringement proceedings."

The statement, jointly signed by Signora Bonino with Franz Fischler, the Farm Commissioner, and Anita Grdin, who is in charge of anti-fraud policy, urged all EU member states to tighten controls on beef imports.

The statement was intended to head off any allegations of a cover-up. However, for legal reasons no details of the investigations could be revealed at this stage.

In a separate move, the European Parliament's Socialist group claimed that 700 tonnes of British beef had been illegally exported by a company in Belgium under a Belgian label to Russia, Egypt and Bosnia as well as Spain and France.

Dagmar Roth-Behrendt, a German Socialist who heads a parliamentary committee monitoring BSE, praised the Commission for disclosing the fraud. "Those who tried to get

round the ban and deliberately endanger the health of consumers are guilty of a despicable criminal act," she said.

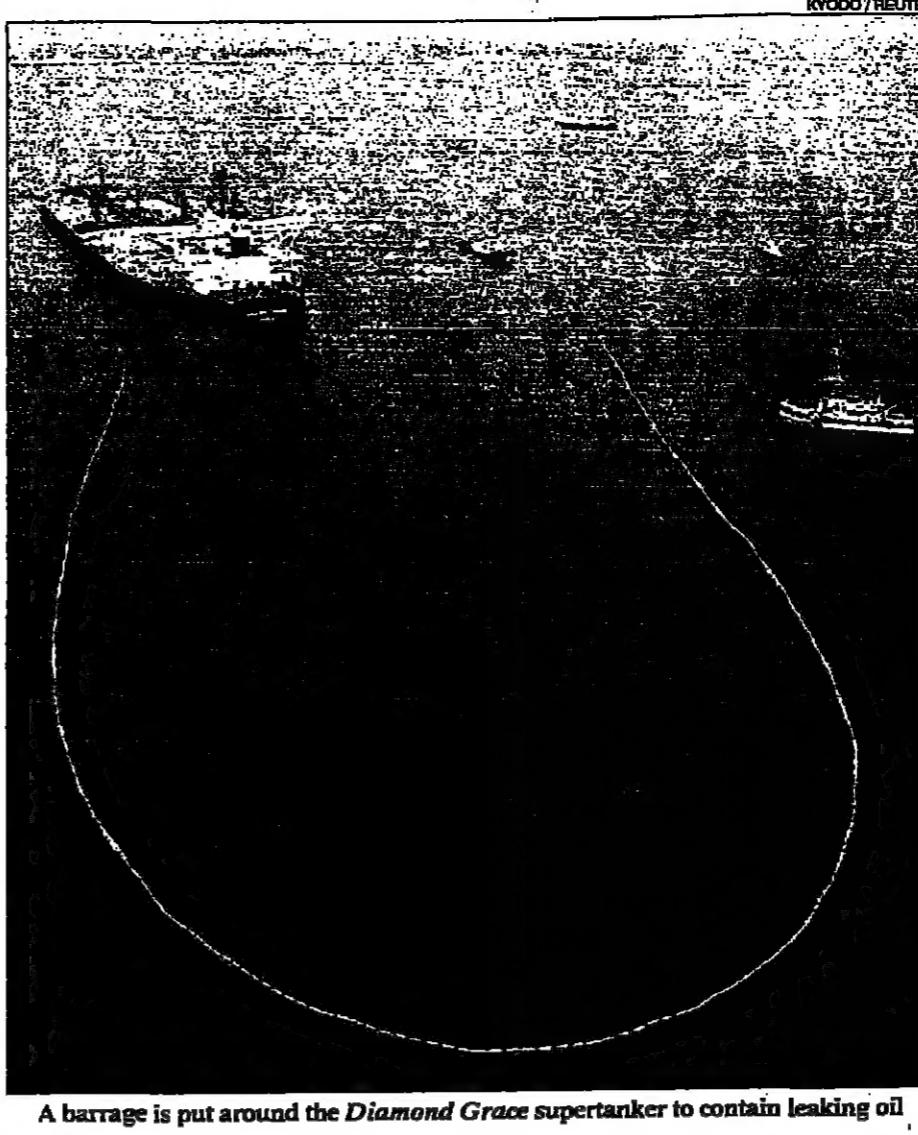
In Paris, the French satirical weekly, *Le Canard Enchaîné*, reported that Interpol had begun an inquiry into illegal exports of British beef via Northern Ireland. It quoted an Interpol tele, as saying that "British soldiers were involved to a major degree" in the trade.

In London, the Ministry of Agriculture said: "We are aware of the allegations and we are co-operating with the Commission in investigating them. Action will be taken if any evidence is found of illegal trade."

The National Farmers' Union said: "We condemn law-breaking which could undermine consumer and producer confidence, but we find it astonishing that the Commission is prepared to make such allegations without providing detailed evidence."



Bonino: criticises checking mechanism



A barrage is put around the *Diamond Grace* supertanker to contain leaking oil

## Jail chief 'saw mass beating'

Washington: The Commissioner of Georgia state prisons watched a mass beating of inmates which left blood running down the walls, according to a senior jail officer (Brennen Maddox writes).

Ray McWhorter, a riot squad lieutenant at Hays State Prison, said in a 141-page sworn statement presented to a federal court that Wayne Garner, the Commissioner, stood watching last July as prisoners, some handcuffed, were punched, kicked and stamped. The Department of Corrections denied the claim, insisting that Mr Garner did not condone the use of force.

## Yeltsin dismisses sex case minister

Moscow: President Yeltsin dismissed Valentin Kovalyov, Russia's suspended Justice Minister who was filmed frotting with naked girls at a sauna frequented by criminal gangs (Richard Bessin writes). Mr Kovalyov was unexpectedly replaced by Sergei Stepashin, the former head of the Federal Security Service (FSB). Mr Stepashin was dismissed two years ago after criticism of his handling of the disastrous war in Chechnya.

## Explosion over 'Mafia' tours

Palermo: Plans by a travel operator to organise a "Mafia tour" of Sicily, including simulated bombings and shootings, have angered local MPs (Francesco Bongarra, writes). Francesco Forgiore, an MP for Rifondazione Comunista, said a travel agency had agreed to a request from a German operator to give tours of Mafia sites. For a "slightly higher price" the tour would include visits to locations where anti-Mafia judges had been murdered.

## Twin foetus was inside brother

Cairo: An Egyptian teenager who complained of stomach pains had his underdeveloped twin foetus lodged above his abdomen, where it had been slowly feeding off him for the past 16 years, medical sources said yesterday. Doctors found an 18cm foetus of 4lb 6oz with a head, arm, tongue and fully formed teeth when they operated on Hisham Rabab, 16, a building worker. An X-ray had shown a swollen sac pressing on his kidneys (Reuters).

## Japanese fight to contain oil spill

FROM EDWIN KARMIOL IN TOKYO

JAPAN declared a national disaster yesterday after a 147,000-tonne supertanker went aground in Tokyo Bay, causing the worst oil spill in its coastal waters.

More than 100 ships were mobilised to tackle the slick, which by late evening covered 26sq miles, roughly double its size in the afternoon. The spill had leaked from the Panamanian-registered *Diamond Grace*, which struck a reef four miles off Yokohama yesterday morning.

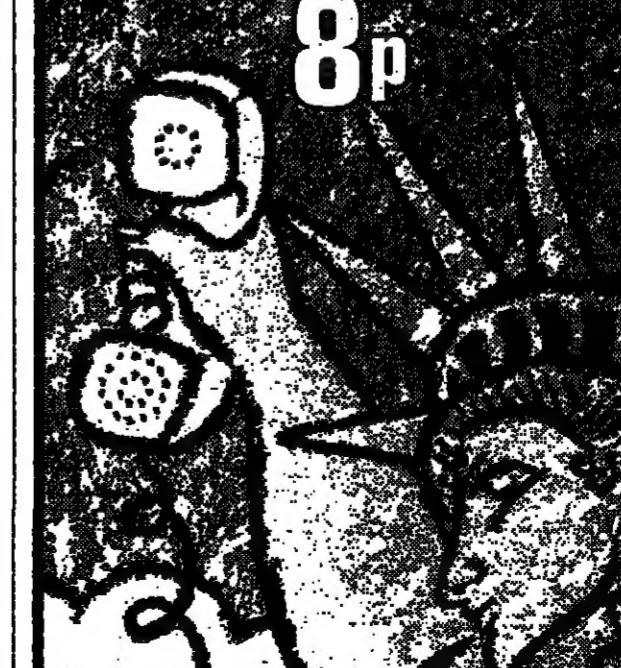
Ryujiro Hashimoto, the Prime Minister, called on police, coastguards, local governments and the Japanese and US Armed Forces to help in the clean-up. The fast response came after severe criticism of the way that an oil spill on the Japanese west coast in January had been handled.

The tanker's two ruptured oil storage holds leaked about 13,400 tonnes of her 25,000-tonne cargo. Divers averted a greater disaster by sealing her fractured hull, but it was feared oil would reach the coast.

MORE OVERSEAS NEWS ON PAGE 21

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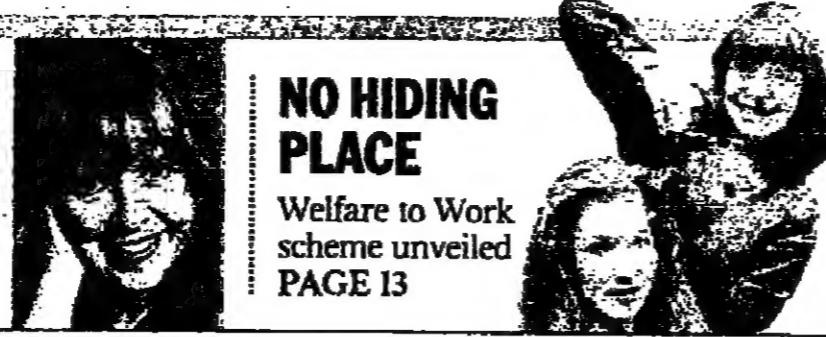
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INSIDE

ANNE  
ASHWORTH

On the changes  
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PAGE 10

# THE TIMES BUDGET 97



## NO HIDING PLACE

Welfare to Work  
scheme unveiled  
PAGE 13

## BOOST FOR FILMS

£15 million for  
British industry  
PAGE 15

## WHITE BOOK EXTRACTS

Details of the  
Brown package  
Section 2, P30

THURSDAY JULY 3 1997

Careful balancing act has shared responsibility for strong economy between City and high street

## Consumers are spared by Capability Brown

WELL done, Gordon. This was the phrase that kept running through my head as I watched the new Chancellor present the most moderate, articulately presented and well-intentioned Budget in living memory.

Of course, Budgets which are celebrated in haste are usually repented at leisure. Once the pound soars above its old ERM central parity of DM2.95, as it almost certainly will after this Budget, there will be plenty of people in the City and in manufacturing industry who will find fault with Mr Brown.

They will accuse him of having failed to rein in consumer demand, thereby forcing the Bank of England to raise interest rates and pushing the rampant pound even higher. But such criticism of Mr Brown is misplaced, at least from people who supported his fateful decision to give independence to the Bank.

An upsurge in the pound became more or less inevitable as soon as the Chancellor handed control of interest rates and the currency to the Bank. Given the constraint which the Chancellor thereby accepted on his ability to influence day-to-day economic conditions, yesterday's Budget struck about as good a balance as could have been expected between sustaining economic growth and avoiding inflationary overheating.

The burden of disinflation policy will fall again on the export and



manufacturing sector. But at least the businesses hit by higher interest rates and sterling will not have to face a tax-induced slump in domestic consumption at the same time.

The danger of such a triple whammy was the point missed by Mr Brown's critics. Given that Mr Brown could do nothing much about the strength of sterling, he was wise not to add even more pressures on industry and employment by piling on too many new consumer taxes and thereby crushing demand.

Mr Brown could easily have hit consumers much harder, without adding much to the Budget's political costs. Having decided to defy the housing lobby by trimming mortgage interest relief, he could have abolished it instead, raising an extra £2 billion.

He could have increased the

excise duties on petrol and tobacco by much more than 1 per cent without provoking a single squeal. The fact that he decided not to suggests that he is serious about sustaining economic recovery and reducing unemployment, as well as controlling inflation.

This was the big surprise of the Budget. A puritanical Chancellor who seemed willing to pander to the City's every whim left consumers more or less unscathed and dipped instead into pension funds and corporate treasures. But by

giving back through lower corporation tax roughly half the proceeds of his raid on the pension funds, he should have left the business community quietly content.

The upshot of all his efforts is a convincing plan for long-term financial stability and a gradual slowdown in consumption and economic growth, largely at the expense of a modest deterioration in the balance of payments. Hitting exports may not seem the ideal way of protecting an economy from inflationary overheating, but it is the surest way available and the one almost invariably employed by countries with independent central banks.

Working within this difficult macroeconomic framework, Mr Brown was careful to craft his individual measures so as to minimise the long-term damage from what he hopes will be only a short-term setback for exporters

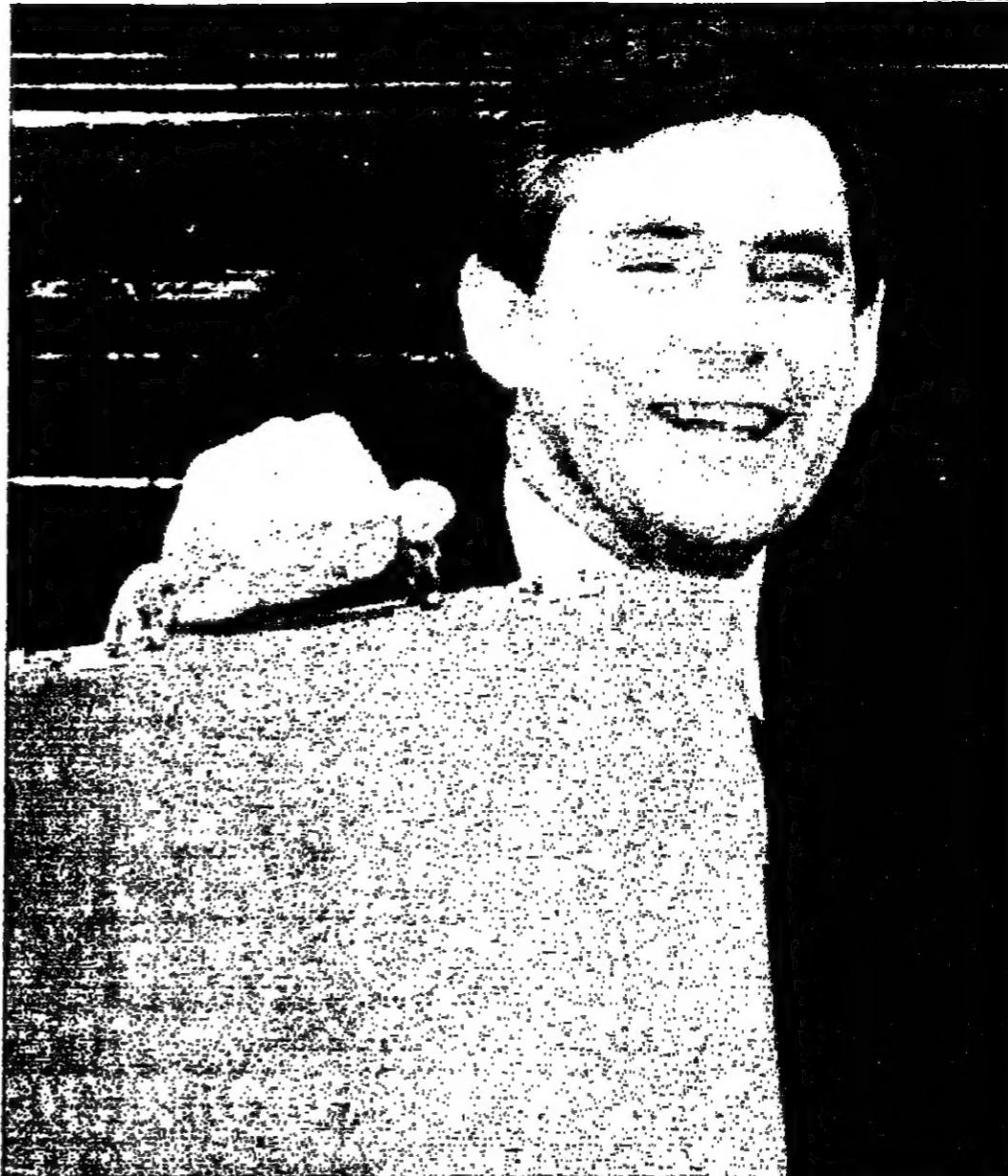
and manufacturers. He has also set out a coherent, if not yet entirely convincing, long-term programme to improve the structure of the economy and perhaps eventually make the country less reliant on low labour costs and a cheap pound.

His cut in corporation tax and the new investment allowances for small companies, for example, will perhaps encourage companies to invest despite the squeeze on their profits.

His reforms to the welfare state and improvements in training should increase the effective supply and perhaps the quality of labour, making it more attractive for companies to continue employing workers even with a strong pound.

This Budget and the "long-term" philosophy it manifested are unlikely to achieve the high-flown objectives Mr Brown announced in his mercifully succinct economic preamble. It will not prevent boom-bust cycles, transform the investment climate, transform work incentives or abolish long-term unemployment. But then no single programme or series of programmes could possibly have done that.

This Budget will at least make a useful start towards all Labour's social and structural objectives — and even on the issue of booms and busts, Mr Brown has at least avoided making the situation much worse.



The Chancellor presented the most articulate and well-intentioned Budget in living memory

## Schools are bowled over by Chancellor's £2.3bn largesse

By JOHN O'LEARY  
EDUCATION EDITOR

EDUCATION was the surprise winner in the Budget, securing an extra £2.3 billion for schools at a time when other public services have been denied their annual spending negotiations.

Local education authorities will be given an extra £1 billion to spend on schools next year to staff off likely teacher redundancies and improve stocks of books and equipment. A further £1.3 billion over the next five years will help meet a backlog in school repairs and maintenance.

The spending boost allowed the Chancellor to claim he was living up to Tony Blair's promise to make education the Government's top priority. His initiative came as David Blunkett, the Education and Employment Secretary, prepared to launch his main drive to improve standards in a White Paper next week.

Mr Blunkett said: "This is a huge and welcome boost for the education crusade. The extra money to repair run-

down schools and drive up standards is an essential part of the Government's programme to prepare youngsters for the 21st century."

Local government and teachers' leaders, who had expected another year of austere, welcomed the news.

The Local Government Association, which last week estimated that an extra £900 million was needed to maintain current spending levels in English schools, could barely disguise its surprise at receiving almost everything it asked for.

England will take £35 million of the £1 billion removed from the Government's contingency reserve, the rest going to schools in Scotland, Wales and Northern Ireland.

Graham Lane, the association's education chairman, said local authorities would be delighted. "There is no need now for any increase in class sizes because we can afford new teachers to meet rising rolls, so we can get on with the task of raising standards."

The Chancellor said the extra £1.3 billion capital funding for schools, which will come from proceeds of the windfall tax, would go towards the modernisation of schools as well as tackling the backlog of repairs. Local authorities would be expected to enter partnerships with the private sector to augment the new money.

He said his capital allocation was worth almost £150 for every pupil, and would provide "bright, modern classrooms" for the 21st century. More than one million pupils study in classrooms built before the First World War.

Although the full cost of repairs has been put at more than £3 million, the settlement will allow the most urgent repairs to be completed.

Colleges and universities will not benefit from the largesse, but Mr Brown did find £5 million to launch his promised University for Industry to provide education and training in the workplace.

David Hart, general secretary of the National Association of Head Teachers, said schools would now ride out the current year in the knowledge that they would no longer face a "catastrophe" in 1998.

"There should now be a real chance to invest in books and equipment, as well as reversing the deterioration in class sizes."

Doug McAvoy, general secretary of the National Union of Teachers, said the money would be welcomed by every parent, pupil and teacher.

The timing of next week's Schools White Paper appears to have worked in Mr Blunkett's favour in his negotiations with the Treasury. Ministers were anxious not to be accused of starving teachers of resources at the moment when they were demanding improved performance.

Mr Blunkett said: "This package represents a flying start to meeting the Government's manifesto commitment to raise the proportion of national income spent on education over the course of a five-year Parliament."

## Feared winter hospital crisis averted by £1.2bn surprise

By IAN MURRAY  
MEDICAL CORRESPONDENT

FRANK DOBSON was unexpectedly given £1.2 billion next April to run the health service, enabling doctors to breathe a sigh of relief that a threatened winter crisis could be averted.

The Chancellor also announced that NHS trusts would be strongly encouraged to claim back from insurance companies the cost of treating motor accident victims, up to a maximum of £3,500 per patient. This could be worth up to £400 million a year for the NHS. Hospital trusts are already legally permitted to reclaim back the costs of caring for victims of road accidents, but fewer than half do so.

The Health Secretary had not disclosed that he was horrified to discover the terrible state of the service's finances when he took office, and he was already facing up to the fact that waiting lists

would grow and emergency treatment alone would be possible in hospitals this winter.

"This is a recognition of our distress call," Sandy Macara, chairman of the British Medical Association said. "It is a pleasant surprise that we have got some real extra money. The worry is that we won't get it until next year. There is no way we can get through the crisis this winter unless we can draw in advance on the cheque."

"But this is a dramatic turn around by a Chancellor who originally said there was no more money. We hope this is just the first instalment of the £1 billion a year we need over the next five years in order to solve the health service's financial problems and bring it up to date."

The NHS ended the last financial year £200 million in debt and this is expected

to grow to £750 million by the end of this financial year.

Mr Macara said he hoped that the Government would consider handing over the extra money raised by the tobacco tax to the health service, which spends £600 million a year treating people for smoking-related diseases. He also laid claim to the £140 million the Government expects to save from withdrawing tax relief for those aged over 60 on private health insurance schemes. "We think it would be logical for it to go to health because we will need it to treat the elderly people who are at the margins and will not be able to go on paying for private care without this relief," he said.

In a statement Mr Dobson said the extra cash was evidence that the Government saw health care as a priority. The money would more than double the amount that was planned and should give the service ample time to plan, he said.

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## BUDGET 97

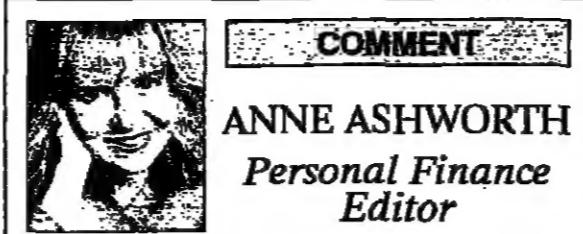
Accountants praise a 'very Tory Chancellor' who refrained from hammering the bourgeoisie

The middle classes sat down to listen to the Chancellor's speech, fearing an attack on everything they held dear. On the edge of their Ikea sofas, they envisaged their building society windfalls disappearing in extra taxation of every kind.

When Gordon Brown sat down, they could breathe a sigh of relief, grateful to have been spared income tax rises and reassured by extra spending on education and health. Even the stamp duty increase was not so vicious as anticipated. A thought bubble hanging over Middle England might have read 'Phew'.

However, the Chancellor was not all generosity. Homebuyers face higher mortgage payments as interest rates are now expected to rise. The

## Middle England breathes sigh of relief



COMMENT  
ANNE ASHWORTH  
Personal Finance  
Editor

millions saving for their retirement will this morning also be revising their opinion of the Chancellor. Although personal equity plans (Peps) and tax exempt special savings accounts (Tessas) have been preserved for the time being, Mr Brown has targeted pensions for many of their largest single investment, more valuable than the family home. They now face either smaller pensions, or extra contributions to their pension schemes, or possibly both. This piece of bad news is the result of the abolition of the dividend tax credit which provides some £3.5 billion

worth of income each year for pension funds.

The Chancellor claimed that those employees whose pension funds are in surplus need have no immediate concern. Their employer may also be prepared to increase his contributions in the future. However, not every worker is now a member of a traditional final salary scheme, with guaranteed benefits. An increasing number are in more modern money-purchase-type arrangements, where the payout is linked directly to investment returns.

Spare a thought also for

those unfortunate souls with personal pensions who cannot rely on a friendly boss and must fund their retirement alone.

Middle England must now take comfort that the Chancellor did not add insult to injury by cutting pension tax relief as widely forecast. They must also hope that their scheme managers now earn their handsome fees by changing the investments in funds to minimise the loss of the tax credit. Nicola Horlick

schemes now available. Peps and Tessas, the two snappily named savings incentives introduced by the Conservatives, will remain available until 1999, when they will be supplanted by the less sexy-sounding ISA. Labour's answer to the British aversion to thrift. As the Chancellor remarked, only half the adult population of the country has any savings.

Even accountants, usually sparing of praise to Chancellors, were impressed yesterday. Ian Barlow, head of tax at KPMG, described Mr Brown as 'a very Tory Chancellor'. Despite the sober navy suits along the Government front bench, fiscal restraint and caution are still not seen as Labour virtues.

Workshop  
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THE C  
STEVE HILL

## Over-60s face 30% increase in premiums

By NIGEL HAWKES AND MARIANNE CURPHAY

### PRIVATE HEALTH

ABOLISHING tax relief on private medical insurance for the over-60s might not save the Treasury any money, insurers said yesterday.

The cost of the tax relief was £140 million a year, the Chancellor said. Abolishing it, he said, would enable him to cut VAT on fuel from 8 to 5 per cent. He said that the tax relief had failed to achieve its original purpose of increasing the proportion of people with medical insurance.

As a result of the Chancellor's move, the cost of private medical insurance premiums to the over-60s will rise by 30 per cent. The relief, currently granted at the 23 per cent basic rate of tax, is worth about £300 for a single person of 65 paying an annual premium of £1,000 a year.

According to the insurer PPP Healthcare, the saving to the Treasury will not be anything like £140 million, because the Chancellor took no account of the costs of treating elderly people who will in future be fully dependent on the NHS. Waiting lists for elective operations will also get longer, the company said.

Gordon Brown has turned a deaf ear to warnings from PPP Healthcare, the industry, independent experts and his own advisers who have all demonstrated since the election that abolition of tax relief for medical insurance is both bad economics and disastrous

for a cash-strapped NHS," the company said in a statement.

Alan Rusted, head of Bupa, also criticised the decision.

"There could well be ramifications for the NHS if people decided to give up private medical insurance," he said.

That could well lead to a greater stretching of resources in the NHS and also possibly lengthening waiting lists."

Norwich Union called the change "short-sighted". Tim Baker, commercial director at Norwich Union Healthcare, said: "We have had thousands of calls to our helpline which I think demonstrates how concerned people are. It seems to me that the Government are being less than circumspect."

Many people who have had their premiums paid by their employers while in work take on the full cost themselves when they retire. Premiums depend on age but until now have been cushioned by the tax relief.

Calculations for PPH Healthcare by the Economists' Advisory Group suggest that the extra cost — averaging £30 a month or so — will cause more than 300,000 policies, covering nearly 600,000 elderly people, to lapse.

"Total costs to the Treasury could very well increase," Jeremy Holmes, of EAG, said.

"But the most damaging thing

in my opinion will be to increase waiting lists for operations such as hip replacements." Waiting lists could increase by 30,000, his estimates suggest, though other estimates have put the figure much higher, at up to 100,000.

There are no precise figures for how many over-60s have private medical insurance but Treasury figures for the amount of tax relief enable calculations to be made. EAG calculates that there are some 650,000 policies that previously qualified for tax relief, covering almost 1.2 million people. These people react to changes in price and many will now opt out of private medical insurance.

Those that would have been treated in private hospitals will join NHS waiting lists.

The NHS will lose income from pay-beds for those who would have been treated in NHS hospitals.

Tax relief at the individual's highest rate for the over-60s was introduced in 1990 as part of the Conservative Government's plans to encourage the public to take out policies. The relief was later lowered to the basic rate of tax at 23 per cent for all policyholders, even higher rate taxpayers.

The new Government's move to abolish the tax relief was widely expected. Before the general election, Labour had made its intentions plain.

PROFESSOR John Grenville, 69, and his wife, Patricia, 59, have held private health insurance with PPP Health for 22 years. They voted Labour for the first time this year, despite concerns over its plans to end tax relief on health insurance for over-60s.

Professor Grenville, from Sutton Coldfield, even wrote to Tony Blair and Chris Smith, then Shadow Health Secretary, to register his worries about the policy. The couple expect their premiums to rise by £250 a year. They will also lose the £250 a year in tax relief that Mrs Grenville would have qualified for on her 60th birthday later this year. They spend £1,300 a year on health insurance and intend to save to maintain it.

THE PENSIONERS

Professor Grenville added: "The £120 million a year spent on tax relief will just have to be spent dealing with the elderly people who won't be treated in the private system. Many pensioners will have to drop out of their policies, and that can only put extra strains on the NHS."

Mrs Grenville, who was a nurse, thought the move foolish. "I went back into nursing a few years ago to keep my registration going and I was shocked by the state of the hospitals."

The couple welcomed the extra £1.2 billion announced for the health service yesterday but felt many benefits would be offset by the abolition of the tax relief. "The NHS is going to have

to absorb thousands of extra elderly patients," Mrs Grenville said. "Where are they going to get the beds?"

Both said they would still support Labour. But Professor Grenville felt the party had its priorities wrong. "Chris Smith wrote to me saying the money saved would be used to cut VAT on fuel but I voted Labour because of the NHS and it seems to me this will just make matters worse."

Harold Baskerville, 57, and a retired ICI executive from Cheltenham, has been a Bupa member since 1948. He said the loss of tax relief will cost him and his wife, Ethel, £44 a month. "He's giving me £1.80 a month back by reducing the VAT on fuel," Mr Baskerville said. "A great many in our age group are going to look long and hard when it comes to paying premi

ums. They could very well flood back on to an already hard-pressed NHS."

Mr Baskerville resolved on private medicine at the age of eight when his mother took him from their Cheshire farm to Manchester Eye Hospital as an out-patient. "We shuffled about on benches for about three hours before I was seen," he remembers. "We walked about six miles that day. I asked my mother what Mr Carver, the local squire, would do if he wanted to see a specialist. 'He would go privately and pay she said. 'That is what I shall do when I grow up' I replied."

Mr Baskerville does not have to make an immediate decision. He renewed his Bupa insurance yesterday for a year instead of paying monthly. He will not have to pay the extra until it falls due again, next year.

## Lost tax relief 'will put pressure on NHS'

By MARK HENDERSON

PROFESSOR John Grenville, 69, and his wife, Patricia, 59, have held private health insurance with PPP Health for 22 years. They voted Labour for the first time this year, despite concerns over its plans to end tax relief on health insurance for over-60s.

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Threat to wealthy investors' 'dodge'

By GAVIN LUMSDEN

It is the manufacturers who will suffer," said Robin John, of Ernst & Young.

The other main measure

which came into effect yesterday will mean that lenders who take up preference shares with terms similar to loans will now find the dividends taxed.

Again, this will cover a wide range of British industry, particularly property companies and management buyouts, rather than banks.

With the new rules, Mr Brown is continuing the work begun by the last Chancellor, Kenneth Clarke. Under measures introduced in his last Budget, nearly 800 tax inspectors have been redeployed by the Inland Revenue as part of the "spend-to-save" programme. Mr Clarke said that by concentrating on a crack down on fraud and evasion, the Revenue would be able to bring in an extra £2 billion in

taxes. Eventually 2,000 staff will be added to the compliance and collection area by the Revenue, the bulk being next year when they can be freed from the huge task of bringing in self-assessment of taxes.

Had it not been for "spend-to-save", almost all the 2,000 staff would have been made redundant as part of the Revenue's attempt to cut its 57,500 workforce. However,

the Revenue has just started advertising to recruit 30 accountants. The Revenue is leaving it to the individual regional offices to decide how to deploy the extra staff, but areas being targeted include large businesses avoiding tax, employer compliance, ghost workers and moonlighters who work for the black economy, which was estimated by the accountancy firm Deloitte & Touche to be worth more than £3 billion a year.

This is against the spirit of the idea, and could be outlawed in the next Budget. The Inland Revenue is to consult with the industry. Draft legislation will be included in the 1998 Finance Bill which would take effect from today.

The move makes it unlikely that any new asset backed or guaranteed VCTs or EIS will be launched. The last was probably issued just this week.

Insignia Cashback invests in companies offering corporate entertainment at Beaufort Polo Club, Gloucestershire, which has the Prince of Wales as its patron.

Small businesses received a double boost from the Budget: the reduction of small business corporation tax from 23 per cent to 21 per cent and the ability to write half the costs of new equipment against tax in the first year. The moves were applauded by the Confederation of British Industry, but the Federation of Small Businesses said that the reduction would not help the four million self-employed workers, who pay a maximum tax rate of 40 per cent.

The Institute of Directors also welcomed the 2 per cent cut and said it should give "permanent incentives to set up or expand businesses."

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The British Venture Capital Association welcomed the move, which goes in tandem with the Chancellor's commitment to helping smaller companies.

Tax breaks on both schemes are unaffected. Investors can shelter up to £100,000 a year in both schemes to get 20 per cent income tax relief and deferral of capital gains tax.

Tax incentives boost for rainy day accounts

By KAREN ZAGOR

LONG-TERM savers had expected to receive a boost, and they were not disappointed by Gordon Brown's announcement of the introduction of individual savings accounts (ISAs), although the details remain unclear.

There was widespread relief in the financial services industry that the Chancellor did not sound the death knell for Personal Equity Plans. There

had been speculation that Peps, which allow savers to invest up to £9,000 a year in equities and get any income and capital gains free from tax, would be an early casualty of the Government.

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ment will particularly try to encourage those on low incomes to participate, but I hope if they don't do it by limiting the amount that high earners can participate."

Mr Major expects the new accounts to incorporate elements of TESSAs and Peps, and ultimately to replace them. For example, the Government said the new accounts will encourage long-term savings by building on TESSAs, where savers must leave their money in the scheme for five years.

Details of the new schemes will not be available for many months. A consultation document will be issued later this year. Specific proposals are not expected before the middle of 1998, with the introduction of the new accounts in 1999.

The Association of Unit Trusts and Investment Funds also welcomed the proposals and said it was looking forward to the consultation period. At present, there are about 4.5 million Tessa savers and 2.5 million Pep holders.

□ The Budget simplified the taxation of gifts in a move to make the gift market more attractive to investors. From next April investors will have the option to receive interest on gifts gross. At present most gift interest is paid with tax already deducted, but there are exemptions such as the Star Account scheme and the CGT Gross scheme, which allow the payment of tax after interest is received. The new system will place all gifts under the same tax regime.

## Revenue to raise £700m by closing bank leasing companies loophole

By SARAH CUNNINGHAM

### TAX RULES

THE Government has kept its pre-election vow to clamp down on companies' tax avoidance schemes, and is introducing a package of measures which should yield £1.6 billion over four years.

It is also planning a wider review. The Inland Revenue has been asked to check the whole tax system for other loopholes. In particular, Gordon Brown said that changes to the tax rules for multinational companies will appear in the next Budget. Stricter rules on the prices at which associated companies transfer goods, services and other assets between themselves will be introduced to ensure that they are fair market prices.

The key measure introduced

yesterday, taking immediate effect, will prevent banks' leasing companies from using subsidiaries with different accounting periods in order to gain a tax advantage. When a lease begins just before an accounting period ends, allowances can be brought forward by up to a year, saving the leasing companies thousands of pounds in tax.

Finance leasing is a huge business for banks, and well over £100 billion worth of leases are outstanding at any one time. This measure should bring in more than £700 million in the next four years.

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## BUDGET 97

## Workshy will lose 60% of their benefits



By JILL SHERMAN, CHIEF POLITICAL CORRESPONDENT

YOUNG people will lose at least 60 per cent of their benefit if they fail to take a job or training place under the £3.5 billion Welfare to Work package announced by Gordon Brown.

Before the general election, Mr Brown provoked a backlash in his party when he decided that young people would lose 40 per cent of benefit. But yesterday government sources disclosed that he had opted for much tougher sanctions for the workshy.

The 250,000 youngsters eligible for the scheme are expected to lose all of their

benefit for the first two weeks after refusing a job and will definitely lose 60 per cent in subsequent weeks.

The programme, funded entirely by the windfall tax and costing £500 million more than expected, will also help to secure work for 350,000 men and women who have been unemployed for two years or longer.

Under the Government's "new deal" for jobless young people will be offered four options: a job with a private firm where employers will receive a £60 a week rebate for six months; work with a

## WELFARE TO WORK

50,000-strong environmental task force, helping to clean up towns and inner cities; a six-month placement in the voluntary sector on a weekly wage slightly higher than benefit; or full-time education or training. Employers will receive £75 a week rebates for taking on those who have been unemployed for two years or more.

Last week the Government offered a £750 per head training subsidy to employers on top of the weekly subsidy they will get for taking on long-term unemployed.

Underlining the carrot and

stick approach to getting more people into work, Mr Brown said: "With these new opportunities for young people come new responsibilities. There will be no fifth option — to stay at home on full benefit. So when they sign on for benefit they will be signing up for work."

Mr Brown's initial plans to penalise youngsters who refuse work or training were opposed by several members of the Shadow Cabinet. He had initially planned to spend £3 billion on the scheme but yesterday Treasury aides said

that a further £500 million would be kept in reserve in case the scheme overshot the budget.

In his Budget speech the Chancellor said he hoped that all businesses and voluntary organisations would take on jobless young people. "I urge every business to play its part in this national crusade to equip this country for the future by taking on young unemployed men and women." He also appealed for MPs from all political parties to go back to their constituencies as "ambassadors" to encourage young people and local industries to take part in the scheme.

that those out of work could acquire the skills needed to earn a living.

"Many of these long-term unemployed who lack skills are debarred by the 16-hour rule from obtaining them," Mr Brown said in his Budget speech. "For this group of the unskilled, the 16-hour rule will now be relaxed, so that when the long-term unemployed sign up for benefit, they will now sign up for work — or for training."

There are currently 178,000 young people who have been out of work for six months or more, and ministers said thousands more were passing the threshold each month.

PAUL COUSINS

## Four ways for the young to get a life after the dole

By ALEXANDRA FREAN, SOCIAL AFFAIRS CORRESPONDENT

## THE OPTIONS

- A private-sector job with employers eligible for a £60-a-week rebate for six months.
- Work with a voluntary sector employer with a weekly wage equivalent to benefit plus a fixed sum for six months.
- A job with an environmental task force.
- Full-time study on an approved course.

player with a weekly wage equivalent to benefit plus a fixed sum, for six months.

The voluntary sector is concerned that giving employers the freedom to choose which unemployed people to take on could result in the least motivated youngsters, and those with the most personal problems, being forced into the voluntary sector and environmental task force options merely because no commercial company will have them.

The value of jobs in these schemes will then be threatened.

Stuart Etherington, director of the National Council for Voluntary Organisations, believes it is vital that the voluntary sector and the environmental task force options are not seen as the "sink options", but as the source of "proper" jobs.

"We need to be regarded not as a second class option, but in the same way as the big employers. The sector employs more than 400,000 full-time people and needs to be seen as an employer in its own right, providing sustainable jobs," he said.

Big business is more concerned, however, about the calibre of worker that the scheme will produce. Grand Met has years of experience in the area of welfare to work as the founder of Tomorrow's People, a charity specialising in helping to get the unemployed back to work.

Geoffrey Bush, the company's group community relations director stressed that long-term unemployed people need to be made "employment ready", that is given basic training, motivation and counselling in a supportive environment before they take up their six-month job. "It would be dangerous to expect the companies to do this themselves. There is a limited amount that you can impose on industry because it has to remain competitive," he said.

Much of the success of Mr Brown's plan will depend on the so-called "gateway" programme, which will attempt to prepare unemployed people for the workplace environment and equip them with social skills. The Government has been receptive to concerns expressed on this front.

The second option is work with a voluntary sector em-

ployer with a weekly wage equivalent to benefit plus a fixed sum, for six months.

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## Teenager finds pot-luck in kitchens of music hall

think we should pay handouts if people turn down such a good opportunity."

Teenagers would have to take what they could get in a difficult labour market, she said. "I was happy to get any opportunity like this. I've been lucky that I enjoy my job but I don't think you can afford to be too picky."

She hoped the scheme would give more teenagers the leg-up that Rathbone gave her. "I think any scheme that gets employers to look at young people has to be worth it. I'm sure they will start to take on more young people because of it."

## £200m plan to get single parents back into work

50,000 youngsters trained as childminders will free parents for jobs. Jill Sherman and Alexandra Frean report



Harriet Harman: help for lone mothers

A SCHEME costing £200 million will help Britain's one million lone mothers find jobs backed up by a nationwide childcare strategy. In addition, 50,000 youngsters will be trained as childcare assistants over the next five years.

The total package, to be paid for over five years by the windfall tax, covers advice, training and after-school childcare to support single parents.

Lone parents with children in the second term of full-time school will be invited into jobcentres for help and advice on jobs, training and childcare. The programme will start on July 21 with 40,000 lone parents in eight regions in the country. It will be expanded nationwide, covering 500,000 lone parents from October next year.

Harriet Harman, the Social Security Secretary, said one million lone parents were now bringing up two million children dependent on benefit costing £10 billion a year.

Lone parents on income support with school-age children will be

sent a letter inviting them into the jobcentre. After an initial interview each will be given an individual plan of action drawn up by their own caseworker on how they could develop job search skills, training and childcare to help them into work.

The first pilot project will start in Cambridge where single mothers will be able to use internet computer terminals in public areas such as libraries and job centres.

Lone parents who take part in the New Deal will also be "fast tracked" for help with family credit — a benefit paid to working parents — and for child maintenance by the Child Support Agency.

Ms Harman also announced two benefit changes, costing £10 million a year, so that mothers would not lose out on payments the minute they took up work. The maximum allowance for childcare costs before benefit is withdrawn will be increased from next summer from £60 a week to £100 a week. The maximum age for

childcare allowances will rise from 11 to 12.

One of the most inspiring parts of the package is the decision to childcare organisations in the voluntary sector will be encouraged to help train 50,000 18-to-25 year-olds who take part in the Welfare-to-Work programme to become childcare assistants and give them work experience. The government has already announced its intention to use national lottery money to fund after school clubs to help working parents.

These initiatives are part of the Government's commitment to a National Childcare Strategy.

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## BUDGET 97

13

## Sign of relief in housing industry

MIRAS

By MARTIN WALLER

THE Chancellor's decision to limit any further inroads into mortgage tax relief, by which the Government subsidises house purchases, was greeted with "frank relief" by the housebuilding industry.

Mr Brown said tax relief on mortgages would be cut from its current level of 15 per cent to 10 per cent from April 1998.

There had been fears among builders and mortgage lenders that the Chancellor would scrap tax relief on mortgages entirely. It is widely accepted that further erosion of its benefits will take place in future Budgets.

Matthew Ryall, an economist at the Royal Institution of Chartered Surveyors, said the changes were "nowhere near as bad" as some predicted.

Graham Roper, chairman of the upmarket Berkeley

get speculation, these moves do not come as a surprise, and the overall Budget package constitutes a prudent set of measures," a statement said.

Michael Coogan, the CML director-general, said he was relieved the Government had taken on board some of the industry's concerns and opted for reduction rather than abolition. "This would have caused an unacceptable level of payment shock for many home-owners at a time of upward drift in interest rates."

Mike Jackson, chief executive of Birmingham Midshires Building Society, said the extra £10 a month was "a kick in the teeth to the housing market" and equivalent to a 0.25 per cent rise in mortgage rates.

John Goodfellow, chief executive of Skipton Building Society, said: "We are disappointed that Labour have been as reticent as the previous government to stop the slow strangulation of Miras. It should either have been quickly executed or left alone."

The Chartered Institute of Housing said the five percentage points cut could be justified, but only if at least some of the savings were directed towards a new scheme to help low-income home-owners.

Interest relief on mortgages dates from 1969, as a measure to make home purchases more affordable, because that year tax relief on interest on all loans was scrapped.

The cost of mortgage interest relief to the Exchequer has been falling since it reached its peak in 1990-91. That year the cost stood at £7.7 billion; for 1995-96, provisional Inland Revenue figures put it at £2.7 billion. This fall is not merely the result of Budget changes as the value to mortgage holders will reduce as interest rates do the same.

So the average household saving has fallen over the same period from £800 a year in 1990-91 to £260 in 1995-96.

Low mortgage rates, commentators have observed, have provided the ideal opportunity to reduce the levels of relief as the pain to home-owners is limited.

The same argument has been advanced by those who urge its abolition.

Group, said he was "very pleased by what was, along with the increase in stamp duty, "a very sensible set of measures as far as housing is concerned".

He added: "The Chancellor said that he appreciated that a stable housing market was important. What he has done can be absorbed by the demand there is for housing without having an adverse impact on it."

Joe Dwyer, chairman of George Wimpey, said the reduction in tax relief "rather than its removal was 'prudent', as the benefit was a significant one, particularly to first-time buyers and those on a low income".

But mortgage lenders were less sanguine. The Council of Mortgage Lenders, the main umbrella body, was disappointed by the reduction. "However, given the pre-Bud-

get relief to the Exchequer has been falling since it reached its peak in 1990-91. That year the cost stood at £7.7 billion; for 1995-96, provisional Inland Revenue figures put it at £2.7 billion. This fall is not merely the result of Budget changes as the value to mortgage holders will reduce as interest rates do the same.

So the average household saving has fallen over the same period from £800 a year in 1990-91 to £260 in 1995-96.

Low mortgage rates, commentators have observed, have provided the ideal opportunity to reduce the levels of relief as the pain to home-owners is limited.

The same argument has been advanced by those who urge its abolition.

## New owners can afford to feel suite about the future

There are signs of relief for a couple who wondered if they could afford to sit down, says Russell Jenkins

PETER Mitchley-Hughes, an accountant, and his girlfriend Jane Butler, were hanging on the Chancellor's words yesterday. Their verdict after a tense wait was that Gordon Brown had passed the "three-piece suit test" — leaving them enough cash to furnish their new home in style.

The couple, who are both on the first rung of management, became proud owners for the first time six days ago of a £139,000 home and the Budget has come while they are still feeling financially vulnerable.

They had steeled themselves for an attack on homebuyers and had already ticked off the items of furniture, fixtures and fittings that might have had to wait until they could afford them. But last night they were joking about a visit to the stores this weekend.

Working out the balance sheet on the household budget in his head, the management accountant concluded: "This is not going to break the bank."

Mr Mitchley-Hughes, 26, works for Lever Europe, an arm of the Lever Brothers empire based in Port Sunlight, on the Wirral, Merseyside. Miss Butler, 29, is a logistics manager in the same company.

They earn good salaries but were reticent about the details. The couple readily acknowledge that their three-bedroom home on a newly completed estate in the village of Pimford, a part of the Cheshire commuter-belt near Chester, is more expensive than most first-time buyers can afford.

The two of them saved for more than a year to put down a substantial deposit on the property, built in the style of



Peter Mitchley-Hughes and Jane Butler in their Pimford, Cheshire, home

a nearby listed period house. The mortgage, taken out with the Alliance and Leicester, has a built-in 2 per cent discount on the standard interest rate for three years.

"It is quite a lot for a first property, so we had to get it right," said Mr Mitchley-Hughes. "We have built a bit of give into the equation. We assumed that interest rates would go up when the next Government got in." Miss Butler, who moved into her new home and immediately jetted off to Milan for a business trip, added: "They are a

matter of prioritising." The cut of 5 per cent in mortgage tax relief (Miras) and the rise in petrol duties will have the biggest impact on the household budget.

"I had worked it out that if Miras had been abolished I would lose £22 a month. With 10 per cent, it will work out at roughly £10 a month," said Mr Mitchley-Hughes.

"I would think we will be getting the three-piece suit. It seems quite a neutral budget, not as bad as some of the newspaper headlines had been suggesting." They are a

two-car household and often have to travel separately the 40-mile round trip to Liverpool. Rises at the petrol pump will be mitigated by Mr Mitchley-Hughes's economical diesel Peugeot 306. It means an extra £2 a week, or £10 a month, which they can absorb, he says.

Rises in alcohol taxes in line with inflation will not deter them from stocking the already fully-laden rack with table wine. The punitive increase in the cost of cigarettes will not worry these non-smokers.

Tony Blair's home in Islington, north London, the £615,000 purchase price of which will require whoever buys it to pay £12,300 in stamp duty

## Duty calls for househunting politicians

By EMMA WILKINSON

MPs who have yet to find a home within the Division Bell area around Westminster will now have to lay their heads on several thousand pounds more to secure the accommodation of their dreams.

They are not alone. Whoever buys Tony Blair's house in Islington, north London, will have to pay £12,300 in stamp duty instead of £6,150 on the purchase price of £615,000.

Chris Patten, the former Governor of Hong Kong, will also be affected by the rise in stamp duty. He has yet to exchange contracts on a £500,000 four-bedroom house in Balham, southwest London. Instead of £5,000, the stamp duty will now be £10,000.

John Major, too, could be affected. He is considering buying a house for more than £500,000 in Kennington.

south London, and would face the same increase in stamp duty.

For many MPs, the rise will make a serious dent in their recent pay increase when they scuttled through the voting lobbies to award themselves an extra £9,000 a year, taking the salary of an MP from £34,000 to £43,000.

In Pimlico, there are half-a-dozen new Labour MPs still looking for a London base, according to estate agents Winkworths. However, most will be unaffected by the stamp duty increase as they are looking for flats below the cut-off £250,000, according to Alexander Leon of Winkworths.

"In this area, properties on the market for above £500,000 tend to be the bigger houses. Most of the MPs are

looking for one- or two-bedroom flats at rather less than that. I would say that most are looking at between £200,000 and £250,000 so they will be unaffected by the rise."

The increase will not dampen the property mini-boom in central London, Mr Leon predicted. "There might be the unlucky one or two who will get caught out by the rise, but most people will just carry on buying. Stamp duty hasn't gone up significantly enough to stop the market from continuing to rise. Frankly, people who are buying a house for half a million are not going to have too much trouble finding an extra £5,000," he said.

New ways around the stamp duty could include putting a house on the market for £499,999 and asking

£10,000 separately for the kitchen appliances, Mr Leon suggested.

In Kennington, one estate agent has sold four houses and a flat to new MPs in the past few weeks. "They will be very pleased to have squeezed in before the stamp duty but most people will not be affected," Jonathan Male, of agents Daniel Smith, said. "The increase is far too low to stop the market from continuing to rise. I think if anything, it will enhance the market because people expected it to be a much bigger rise."

"Recently, we have sold three large houses to Conservative MPs and a £230,000 house and a £98,000 flat to new Labour MPs. We still have some looking in this area, but most of them are looking for property below the cut-off £250,000." Property prices in Kennington have gone up by 25 per cent in the past year, he added.

Increase in tax will not stamp out sales

By SARA McCONNELL

HOMEBUYERS completing purchases of properties costing more than £250,000 after next Monday will have to pay an extra half a percentage point in stamp duty, up from 1 to 1.5 per cent. The duty rises to 2 per cent for properties costing £500,000 or more.

The Chancellor argued that raising the cost of expensive property would help to stabilise the market and keep prices under control, "to ensure a more balanced recovery" and avoiding the excesses of the 1980s boom. House prices had risen by up to 11 per cent over the year with sharper rises in the South East.

After the increases, buyers of a £300,000 house will pay £4,500 instead of £3,000. On a £700,000 property they will have to pay £14,000 instead of £7,000.

Estate agents and lenders predicted that the rises would have little impact. The Council of Mortgage Lenders said that less than 2 per cent of all properties changed hands for more than £250,000 and added: "It will have an impact on some purchasers, but it is unlikely that it will have a wider effect on confidence generally."

Lorna Vestey, partner in the estate agent Knight Frank, said: "At £250,000 this will hit a lot of people, but they are the sort who have salary increases. Above £500,000, people are well equipped to handle the extra cost." With some London homeowners seeing the value of the properties rise by up to 3 per cent a month, a 1 per cent increase in stamp duty when they bought elsewhere paled into insignificance, she added.

Commercial property and land transactions will also be hit. The Royal Institution of Chartered Surveyors said: "The increase will make commercial property still less attractive as an investment."

The rises will net the Treasury £240 million in 1997-98.



PETER TREVOR

MPs' HOMES

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## Grim-faced Brown glories at chance to be in charge

THIS was the ultimate in deflationary Budgets. It deflated the Tories, punctured the Liberal Democrats and flattened critics. As Gordon Brown punched his way with ease and confidence through 60 minutes of crowd-pleasing arithmetic yesterday, a frustrated William Hague looked ready to leap at the Chancellor and bite off a chunk of his ear. Despite an impressive debut of a Budget reply, Mr Hague never laid a finger on him.

Not that the Chancellor let that amuse him. "Cheer up!" shouted one wag as a grim-faced Gordon Brown ploughed through a

manuscript some 6in thick (Brown's poor sight requiring a giant typeface). And still he would not smile. If he did not quite achieve a record for brevity, Mr Brown established one for levity: there was hardly a trace. In an hour, I recorded the ghost of smile tugging momentarily at those heavy brows just once, as he noted that Britain would satisfy the Maastricht criteria.

Brown makes a virtue of severity. His suit was dark, his countenance dark, his tone dark and his rectitude positively thunderous. We thumbed our mental thesauruses in search of synonyms for

"Presbyterian" and longed for one of those flag-blowing wind-machines in evidence at the Hong Kong handover, lightly ruffle Brown's ink-black helmet of a haircut. If only the more effin Tony Blair would lean over and tickle him.

The Chancellor had arrived early to watch his shadow, Peter Lilley, fail to scratch even the surface of the Labour front-

benchers' self-esteem. Lilley had come to complain about alleged Budget leaks. That he and his party were wild with righteous indignation, and that they were unable to provoke the Prime Minister into more than a fit of giggles, marked another low-point in still-floundering Opposition morale.

The Chancellor's predecessor, Kenneth Clarke, had arrived a

little late and sat in the overflow gallery upstairs. He was wearing make-up — presumably for television. Watching, wit: pencilled eyebrows and unbent grin, Mr Clarke reminded us of an ageing music-hall entertainer who, his own stage routine being over, had slipped into the upper circle to watch.

No make-up, however, for Gordon Brown. He makes a traditional contrast with the soundbites of the 90s. There was something 1950s about this Chancellor's whole air. The pose and the rhetoric were barely post-war. He told us first about his "two golden

rules," which sounded like prudence — and prudence.

As Mr Brown spoke, there were echoes of post-war phraseology. "The modern route to economic success" he declared, as though puffing a home course in elementary bookkeeping. "Britain — the obvious first choice for investment" "The Welfare State — a great British achievement" "A great Budget for Britain's Future" It was as though the language of the Britain of his Scottish childhood, subliminally absorbed, was resurfacing now he was in charge.

And how he loved being in

charge. As he unveiled his plans to turn Britain's young underclass into an army of mafiosi and pimps, phrases like "I can now announce," were growled with the leader's exuberance of one who, for half a decade, has been condemned to snipe, when his nature is to decide.

The whole government front bench somehow paled as he spoke. Even the Prime Minister looked flimsy and insubstantial beside him. Opposite, the former Attorney-General, Sir Nicholas Lyell, sketched Mr Brown as he spoke. I have the hunch that the sketch will be worth keeping.

## Cost of motor cover likely to increase

By MARIANNE CURPHEY AND IAN MURRAY

MOTORISTS face increased insurance bills after the Chancellor's decision to encourage NHS hospitals to claw back from insurers the £40 million a year cost of treating road accident victims.

The maximum that hospitals will be able to claim from insurers is £3,300 per person, which includes just under £3,000 for inpatient care and £205 for outpatient care.

At present the NHS is able to reclaim just £10 million a year from insurers. Under the 1988 Road Traffic Act all health trusts are able to reclaim the cost of treatment, but only about half attempt to do so. The total cost of treating the 300,000 people a year injured in road accidents is £40 million.

Health service leaders questioned whether the proposals would be practical or make economic sense. "Hospitals are good at treating people but they do not have the skills needed to recover money," said Barbara Connah of the NHS Confederation, which represents all hospital trusts and health authorities.

"This would mean we would have to put the work out to get skilled people who were capable of doing it. In

road accidents it is not always clear who is to blame and you would have to prove negligence before you could claim any money. The last thing we would want would be to get involved in a long legal case."

A spokesman for the Department of Health said the cost of treatment had to be paid within seven days. "What usually happens is that the motorist responsible for the accident pays out of his own pocket and then reclaims the sum from his insurer."

Direct Line, the biggest motor insurer in Britain with 2.2 million customers, said: "We already pay substantial sums after road traffic accidents but we acknowledge the purpose of insurance is to protect and pay for the injuries to the innocent third party."

The proposal surprised the Law Commission, the Government's law reform body, which in December put forward similar suggestions. The commission said its report that a "strong case" could be made for enabling the NHS to claw back its costs in all personal injury cases where someone had admitted liability or been held to be negligent by the courts.

Yesterday Professor Andrew Burrows, the commissioner in charge of the

reforms, said: "If the Government is to proceed with this we would be delighted. But we are quite surprised: it was not something we expected to be taken forward quite so quickly." The Commission had only just completed its consultation on the proposals, and had yet to receive a response from the Health Department. Professor Burrows said.

Knowing how to put a claim together would be difficult. Under the Road Traffic Act ambulances can charge £21 for a callout and insurance companies will pay this without any prejudice of responsibility. The average cost of sending out an ambulance is around £50. Some fire brigades are already considering charging motorists when cutting equipment is used to free victims in car crashes.

Frank Dobson, the Health Secretary, said last week that the average cost of keeping someone in an NHS bed was £1,000 a week, but patients with serious injuries might need intensive care treatment which costs upwards of £500 a night. Operating theatre costs are about £10 a minute. On top of this are the costs of physiotherapy and long-term rehabilitation for those with serious bone injuries. In some cases this has to go on for a lifetime.



The price of petrol went up by 4p a litre (18p a gallon) from 6pm yesterday

## VAT cut warms the pensioners

### DOMESTIC FUEL

THE Chancellor cut the rate of value-added tax on domestic fuel from 8 per cent to 5 per cent in a long-awaited move which brought an enthusiastic response from pensioners' groups (Nathan Yates writes).

The reduction introduced by Gordon Brown, which takes effect from September 1 and will cost the Treasury £485 million a year, was a flagship pledge in Labour's election manifesto. Since Norman Lamont, the Tory Chancellor, introduced VAT on domestic fuel in 1993, Labour has argued that the tax targets those who are least able to pay, including pensioners who suffer from high winter heating costs.

Launching the VAT cut, Mr Brown said that its introduction in September was specifically designed to assist the elderly with winter heating bills. He added that an additional reduction in fuel costs could be expected next April when the gas levy will be abolished.

According to the Treasury, the average household will be £18 a year better off as a result of the VAT cut. However, Conservatives say that this benefit will be cancelled out as the costs of the windfall tax, levied on several fuel suppliers, are passed on to consumers.

## Media pundits confounded

### GREAT ESCAPES

AFTER weeks of speculation that Gordon Brown was planning to hit the middle classes hard with backdoor taxes, he sprung yet another Labour surprise: for this Budget, at least, they had a great escape. (Damian Whiteworth and Andrew Pierce write).

Prediction after prediction was proved wrong. There had been fevered excitement about green taxes but much of that proved to be hot air.

Owners of company cars who listened to some commentators over the past two weeks might have been forgiven for thinking that the Chancellor was about to demand the donation of a major organ before they could drive again. The call was not made yesterday, though Mr Brown gave a warning that he could get tough in the next budget.

Mr Brown did not wade in on inheritance tax, nor did he abolish the national insurance ceiling for high earners, or whack mobile phone users. He raised stamp duty

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tax action

Bootlegger  
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ALCON

## BUDGET 97



Two British commercial successes that cost under £15 million and would have benefited under the new scheme: *Jude*, with Kate Winslet and Christopher Eccleston, left, and *Brassed Off*, with Stephen Tompkinson

## Tax action greeted with joy by movie-makers

THE British film industry received a dramatic boost yesterday with long-awaited tax incentives to promote the nation as a major player worldwide.

Sir David Puttnam was among leading film-makers who expressed delight at a 100 per cent tax write-off on production and acquisition costs for British films with budgets up to £15 million. The whole country, they emphasised, would benefit through the creation of jobs and soaring exports.

Sir David said: "We're very happy. This is wonderful news after an eight-year campaign." It means that Britain can compete with Ireland and other countries which have long offered tax breaks.

Film financiers will find risks cut considerably. "It's probably worth 10 per cent to a film's budget," he said.

Chris Auty, managing director of the Recorded Picture Company — films include *The Last Emperor* — said: "This is

### THE FILM INDUSTRY

By DALYA ALBERGE AND ERIC REGULY

the best news the industry has had for 15 to 20 years. It's an act of considerable wisdom and also of courage. Although the Government clearly sees the industry as a promising export-earner and creator of labour — and therefore politically desirable — I'm slightly surprised at their determination to put it through in their first Budget."

His views were echoed by Lynda Myles, who produced *The Commitments*: "This is one of the things the industry has been wanting for a long time. It's wonderful to work with a Government that is more sympathetic to the industry which can make a huge contribution back. It's great that the Government responds to the needs of the industry as quickly as this, given all the things it has to deal with."

Tax relief measures intro-

duced by the Chancellor will reduce the cost of making films in Britain by allowing film makers to recoup their investment earlier. The changes are similar to the proposals put forward last year by the Middleton Committee on film finance and by the film industry itself.

Under the new measures, the production and acquisition expenses of films costing £15 million or less will qualify for a 100 per cent tax write-off as soon as the film is completed. The scheme starts immediately and will run three years.

The current system allows film costs to be written off pound-for-pound as the film generates income, which could be years after its completion, or at a flat rate of 33.3 per cent a year, starting when the film is completed.

The BFI cited *Brassed Off* and *Jude* among British movies made for £2.5 million and £5.7 million that would have

consultants, predict the new system could boost investment by more than 30 per cent in the first year, create as many as 11,000 jobs and send film exports soaring by a third, at a projected cost of £30 million over the scheme's initial three-year period. Against that the extra exports could improve the balance of payments by £300 million, it was said.

Sir Sydney Samuelson, the British Film Commissioner, applauded the announcement.

"Tax incentives for investors in this dynamic business will offer major economic growth possibilities," he said.

Wif Stevenson, director of the British Film Institute, called it "a real shot in the arm for the UK film industry". He added: "Until now, the UK was alone in Europe in not having some form of tax incentive aimed at levelling the field for film-makers."

The BFI cited *Brassed Off* and *Jude* among British movies made for £2.5 million and £5.7 million that would have



Sir David Puttnam, left, and Sir Sydney Samuelson delighted by Budget news



Sir Sydney Samuelson delighted by Budget news

benefited. Both were commercial successes.

Chris Smith, the National Heritage Secretary, said: "For years, the British film industry has been waiting for a Government willing to listen to their arguments and provide tangible help: "Only eight weeks after taking office the new Government has deliv-

ered the help they want. This is a really significant step in getting more British films made and in attracting still more overseas film-makers here to use our facilities and our craftsmen and actors — the best in the world."

Tom Clarke, Minister for Film and Tourism, noted how film in America is one of the

£2.5 million. He said: "This is further evidence of the Government's commitment to the film industry. Our industry ... creates jobs and exports and is good for the country."

Jeff Kaye, European bureau chief of *The Hollywood Reporter*, noted that the Government "obviously has the British film industry in mind because this leaves our tax breaks for any Hollywood blockbusters like *Mission Impossible* or *Star Wars* that have been shooting here with budgets closer to £65 million."

Stewart Till, president of International Polygram Filmed Entertainment, exclaimed: "The Renaissance of the industry ... will be accelerated."

Commenting on whether multi-million companies need such incentives, he said: "I'd argue that the majority of the recipients will be small production companies."

He emphasised that "the income to the Treasury will many times cover the losses incurred by this measure."

## Bootleggers will be big winner in smoking wars

By DANIEL McGRORY

SMOKERS were last night tempted to become secret hoarders or forage on the black market for cigarettes after the Chancellor delayed the budget price increase until December.

Most smokers are likely to stockpile boxes of kingsize before Christmas to avoid the 19p a packet tax rise. Many were already asking corner shopkeepers how best to store their haul.

Paul Mason, an independent retailer and spokesman for the Tobacco Alliance, said: "Some smokers may imagine they might turn a quick profit by selling on their stockpile, but our prediction is that it is a little like having sweets in the cupboard. If you have them you smoke them, so long before Christmas they will all be gone."

"The Chancellor has done the health lobby no favours by this delayed price rise".

He believes British smokers will now become habitual travellers. "The only people on cross-Channel ferries will soon be smokers." A packet of twenty that will now cost £3.40 here can be bought in France for £2.12 and in Spain for under £2. "Shops will have to let go staff right away and many will close," Mr Mason said.

There will be rises of 8p on a pack of five small cigars and 10p on a 25g pack of pipe tobacco. There will be no increase for hand-rolling tobacco. The precise figures are: Cigars up from £98.02 per kg to £105.86, an 8 per cent rise; other smoking tobacco, including pipe and chewing tobacco, up from £43.10 per kg to £46.55, also a rise of 8 per cent.

The tobacco industry described this first ever delayed increase as "bewildering" and predicted it will cause chaos. "The big winners will be the bootleggers," Mr Mason said.

The Tobacco Manufacturers Association said: "The delay will cause confusion. Demand will obviously leap

### ALCOHOL AND TOBACCO

By DOMINIC WALSH AND NATHAN YATES

THE Chancellor's decision to peg rises in alcohol duty to inflation, pending a review, received a qualified welcome from the drinks industry last night.

Brewers and off-licence owners were watching Mr Brown's first Budget for signs he would address the problem of cross-channel bootlegging, and he did not let them down. An important element of the review will be the effect on the economy of alcohol smuggling.

But his comments were derided by one bootlegger. "Bottle prices across the Channel are much cheaper than over here and no amount of reviews are going to change that," he said. "I'll be doing business as usual."

Mr Brown had been widely expected to address the growing problem of alcohol soft drinks, the so-called

in the short term, but we will start an urgent investigation into what the effects of the staggered rise will mean for ourselves and retailers".

"There is no doubt the ultimate winner will be the bootleggers and smugglers," a spokesman said. "Before December there can be no restriction on what people stock up with."

A Treasury spokesman said the Chancellor had considered the likely stockpiling. "The reason for this unpreceded delay is that this is a budget in unusual circumstances. Duty rises on alcohol and tobacco usually come into effect later in the year and the Chancellor thought it was fair to stay in line with this timetable. There is also a major tobacco policy review going on which should be completed at about the same time. The Customs and Excise

are preparing to crack down hard on any increased smuggling both by individuals on cross-Channel trips and organised gangs."

A spokesman for the Tobacco Manufacturers Association condemned the rise as "a windfall boost for the bootleggers whose business is growing by the week and who already cost the Exchequer £50 million a year in lost taxation".

The industry expects consumption to drop faster. "The number of smokers has dropped 40 per cent in 20 years, and almost all give up because of the cost, not the worry over health," the spokesman added.

"Yes again smokers are seen as a soft option by the Chancellor, who seems intent on caning the 15 million adults who already provide him with £19,000 in revenue

every minute. Twenty cigarettes went through the £3 barrier in the last Conservative budget in November 1996. The industry estimates that at £3.12 for a standard packet, the smoker already pays £2.63 in tax."

Clive Bates, director of Action on Smoking and Health — the anti-smoking campaign group Ash, said:

"Most smokers want to quit and the price rise is usually the last straw for most of them and forces them to finally give up. This bigger than expected price rise will force more than ever to quit."

Ash estimates the price rise means that 2.2 billion fewer cigarettes will be smoked next year. "It will save 3,500 lives and earn the Treasury an extra £60 million, so we are pleasantly surprised."

The Royal College of Physicians said the Chancellor had made a "courageous attempt to tackle the huge cost of smoking". But the Freedom Organisation for the Right to Enjoy Smoking Tobacco criticised the price rise as "punitive and cynical".

Majorie Nicholson, director of Forest, said: "Up to December 1 it will be a bonanza for smokers, and after December 1 it will be a Christmas bonanza for smugglers."

Forest reminded the Chancellor last night that in April the European Commissioner responsible for customs and taxation, Mario Monti, said that to eliminate the high tax differences between Britain and the rest of Europe would need an "unrealistic" large increase in other countries and that Britain needed to recognise that "tackling the problem of tobacco smuggling may require reducing national rates and improving control measures".

The Fair Cigarette Tax Campaign said the increase meant tax on cigarettes was now 80 per cent on a typical pack. A spokesman, Eddie Cassidy, said: "This will simply add to the misery of pensioners and smokers on lower incomes who are least able to afford it."

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## BUDGET 97

Chancellor's speech: Brown delivers 'people's Budget' with

# 'I will tackle the weaknesses that have held Britain back for too many years'

The Budget that I lay before the House today represents more than an allocation of resources and an accounting of revenues.

Because behind the numbers and statistics the central purpose of this Budget is to ensure that Britain is equipped to rise to the challenge of the new and fast changing global economy. Not just a few of us. But everyone. The impact of the global market in goods and services, and

of rapidly advancing technology, is now being felt in every home and every community in our country. New products, new services, new opportunities challenge us to change; old skills, old jobs, old industries have gone and will never return. Yet for our country, the first industrial nation, this new global economy driven by skills, creativity, and adaptability offers a historic opportunity.

The dynamic economies of the

future will be those that unlock the talent of all their people, and our creativity, our adaptability, our belief in hard work and self-improvement, the very qualities that made Britain lead the world in the 18th and 19th centuries are precisely the qualities we need to make Britain a strong economic power in the 21st century.

But to achieve this we must address the four weaknesses that have held us back for too long and

for too many years — instability, underinvestment, unemployment, and the waste of talent.

In this Budget I will address each of these weaknesses in turn to ensure stability, investment, work, and opportunity for all.

I turn first to stability because without stability all plans for investment, employment and education founder. In a global economy, long-term investment will come to those countries that demonstrate stability in their monetary and fiscal policies, and in their trading relationships, and for Britain this means stability in our relations with Europe.

In May the Government established a wholly new framework for monetary stability: open and accountable, based on clearly established rules and discipline. The Government sets the inflation target, and the Bank of England sets interest rates to meet that target.

This reform signified our determination to break from the short-termism of the past and establish long-term confidence. In this Budget I will match these measures for long-term monetary stability with measures designed to promote long-term fiscal stability.

The Chancellor is first and foremost the guardian of the people's money. But during the 1990s the national debt has doubled. This year alone the taxpayer will pay out £25 billion in interest payments on debt, more than we spend on

public finances must be sustainable over the long term. If they are not then it is the poor, the elderly, and those on fixed incomes who depend on public services that will suffer most.

So as with our approach to monetary policy, so in fiscal policy: we will now establish clear rules, a new discipline, openness, and accountability.

My first rule — the golden rule — ensures that over the economic cycle the Government will borrow only to invest and that current spending will be met from taxation.

My second rule is that, as a proportion of national income, public debt will be held at a prudent and stable level over the economic cycle. And to implement these rules, I am announcing today a five-year deficit reduction plan.

Together, these rules and this plan will ensure a historic break from the short-termism and expediency that have characterised the recent fiscal policies of our country. As with our monetary policy, our fiscal policy will be all the more credible for being open and accountable.

Immediately upon coming to office the Government invited an independent scrutiny by the National Audit Office of key assumptions in the public finance forecasts. This independent scrutiny will continue into future Budgets with further work by the National Audit Office and, with publication, some months in advance of every Budget, of an assessment for open debate of what is happening to the economy and to the people's money.

My Budget today sets out a forecast for public borrowing this year and next. And for the following three years, projections for the public finances based on different scenarios for the growth of public spending.

And I can report that in each and every case, our deficit reduction plan ensures that we are on course to meet the two fiscal rules that guide our approach to the public finances. Any Budget seeking to

achieve high and stable levels of growth and employment must be guided by the true state of the public finances, but also by a clear assessment of the state of the economy. And to that I will now turn.

## INFLATION

We have seen a rapid growth of consumer spending, of nearly 4 per cent over the last year. With the prospect of further windfalls from the building societies, consumer spending is likely to remain strong.

There has been a sharp rise of 7 to 11 per cent in house prices, with even higher rises in the South East. The growth of average earnings has accelerated to 4.5 per cent a year. The rate of broad money growth has been, around 10 per cent for a year.

These increases in consumer spending, earnings, and money supply are continuing even as industrial production and manufacturing output have been recovering only slowly. It is essential that consumer spending is underpinned by investment and industrial growth.

Britain cannot afford a recurrence of the all too familiar pattern of previous recoveries: accelerating consumer spending and borrowing side by side with skills shortages, capacity constraints, increased imports and rising inflation. Already there are warning signs that this pattern could be repeated.

In similar circumstances some of my predecessors have ignored these signs while others have deluded themselves into believing that growth, however unbalanced, was evidence of their success. I will not ignore the warning signs and I will not repeat past mistakes.

The Treasury's assessment is that the output gap is close to zero, and there is a risk that output could already be above trend. In other words our sustainable rate of growth is too low for growth to continue at its current pace without the risk of more inflation. That is why in May I judged interest rate increases were necessary, and events since then have confirmed that this was the correct judgment.

But against these pressures we must take into account both the subdued level of producer price inflation and the current strength of sterling, which, over the last year, has appreciated by 18 per cent. I understand and share the concerns of industry and exporters and will address them.

As the figures demonstrate, there is now an imbalance between strong growth in the consumer and service sector and weak growth in the manufacturing and exporting sector. Nonetheless what worries manufacturers even more is that inflation could get out of control and herald a return to the instability of stop-go.

My goal is therefore to ease inflationary pressures without damage to industrial and exporting prospects and to do so in a way that is consistent with our long-term objective of high and stable growth and employment. In this way we can moderate the upward pressure on interest rates and on the exchange rate, as well as further our objective of sustainable public finances.

I have therefore decided to tighten fiscal policy, as a result of Budget measures including the windfall tax by £5.5 billion this year and £4.75 billion next year. And, with the resulting reductions in the deficit, I am able to present an economic forecast putting us back on course for a more balanced and more lasting recovery. And for long-term stability in the public finances.

The forecast is that GDP will grow by 3.25 per cent this year and 3.5 per cent next year before returning to its trend rate.

Consumer spending which is expected to increase by 4.5 per cent this year is forecast to grow more slowly at 4 per cent next year. Business investment, which has failed to meet expectations over the

past two years is forecast to rise strongly this year and next, so increasing investment as a share of GDP.

Finally, inflation is expected to remain at 2.5 per cent this year, the Government's target, rising slightly to 2.75 per cent next year as a result of the failure by the last Government to take early action to control inflation, before returning to 2.5 per cent in 1999.

To achieve long-term stability is to achieve something no Government has done for decades. But stability is a necessary, not a sufficient, condition for the Government's objectives of high and stable levels of growth and employment.

A prudent estimate of the current trend rate of growth is only 2.25 per cent. Higher growth will have to be achieved rather than assumed. But I believe that as a country we can achieve higher long-term rates of growth if — from this Budget onwards — we expand investment and capacity, promote employment, and increase our country's skills.

If we are to do so more of our companies will have to rise to the level of our best. And it is far reaching measures that will raise the quantity and quality of investment that I now turn.

## INVESTMENT

Since 1980 the UK has invested a lower share of GDP than most other industrialised countries, and GDP per worker has been lower too. For every £100 invested per worker in the UK, Germany has invested over £140, the US and France around £150, and Japan over £160 per worker.

The objective behind our two year long corporate tax review — begun in opposition — has been to develop a tax system that encourages personal savings, favours higher levels of investment, rewards long-term investment, and is

**My golden rule is that current spending will be met from tax and the Government will borrow only for investment**

fair to all. Our consultations on capital gains tax will be completed in time for the next Budget.

Half the adult population of our country hardly save at all. So in order to encourage personal savings the Government will, as promised, introduce from 1999, individual savings accounts, extending the principle of Tessa and Peps, continuing to offer favourable tax reliefs for saving. Through the new individual savings account we intend to encourage the habit of saving among people who have never saved before. I can confirm also that this Budget will not proceed with the last Government's proposal to phase out tax relief on employee pension contributions.

But this point in the recovery is also the right time to make changes in corporation tax to encourage more long-term investment. My changes in monetary policy were designed to help companies make long-term investment decisions with confidence. My changes in corporation tax are directed to the same long-term objective.

I want the United Kingdom to be the obvious first choice for new investment. So I have decided to cut the main rate of corporation tax by 2 per cent from 33 per cent to 31 per cent, the lowest ever rate in the UK. This means that we will have the lowest corporation tax rate of any of our major competitors — Germany, France, America or Japan — and we will have it under this Government. This is a long-term commitment that will increase both inward investment and

domestic investment to the benefit of the whole country. Too often British companies have invested too little, and too late in the economic cycle.

Because I want companies to get the benefit now, the 2 per cent corporation tax cut will start from April 1997.

## TAX CREDITS

This tax cut is the first component of this Budget's investment strategy. The second is a structural reform that will also encourage investment.

The present system of tax credits encourages companies to pay out dividends rather than reinvest their profits. This cannot be the best way of encouraging investment for the long term as was acknowledged by the last Government.

Many pension funds are in substantial surplus and at present many companies are enjoying pension holidays, so this is the right time to undertake a long-needed reform. So, with immediate effect, I propose to abolish tax credits paid to pension funds and companies.

For Pep holders, for individuals who do not pay tax and for charities, tax credits will continue to be paid until April 1999.

By this time the introduction of individual savings accounts will ensure that individuals have the opportunity to continue to be able to save with tax advantages. So they will continue to have favourable tax incentives to invest in equities. Basic and lower rate taxpayers do not pay any extra tax on dividends they receive; that will remain the position. And we will ensure that higher rate taxpayers will pay no more than they do now.

Advance corporation tax will continue to be paid by companies on their dividends at the same rate as now. To stop the yield from ACT being eroded by greater use of foreign income dividends, we are ending the foreign income dividends scheme from April 6, 1999. International holding companies will continue to pay dividends out of foreign income without paying advance corporation tax.

I will make special provision for charities through public expenditure. Tax credits will be paid to them until April 1999 and after April 1999 the Government will fund a five-year transitional period. So charities will have seven years in total in which to adjust to the change.

Charities have been pressing for a review of their tax treatment for some time. The Government will now consult widely on how the tax treatment of charities can be made more appropriate to help charities today. Charities too will of course gain, like others, from the longer-term benefit to their shareholdings that higher company investment and profits will bring.

In future new jobs are likely to come from a large number of small businesses than from a small number of large businesses.

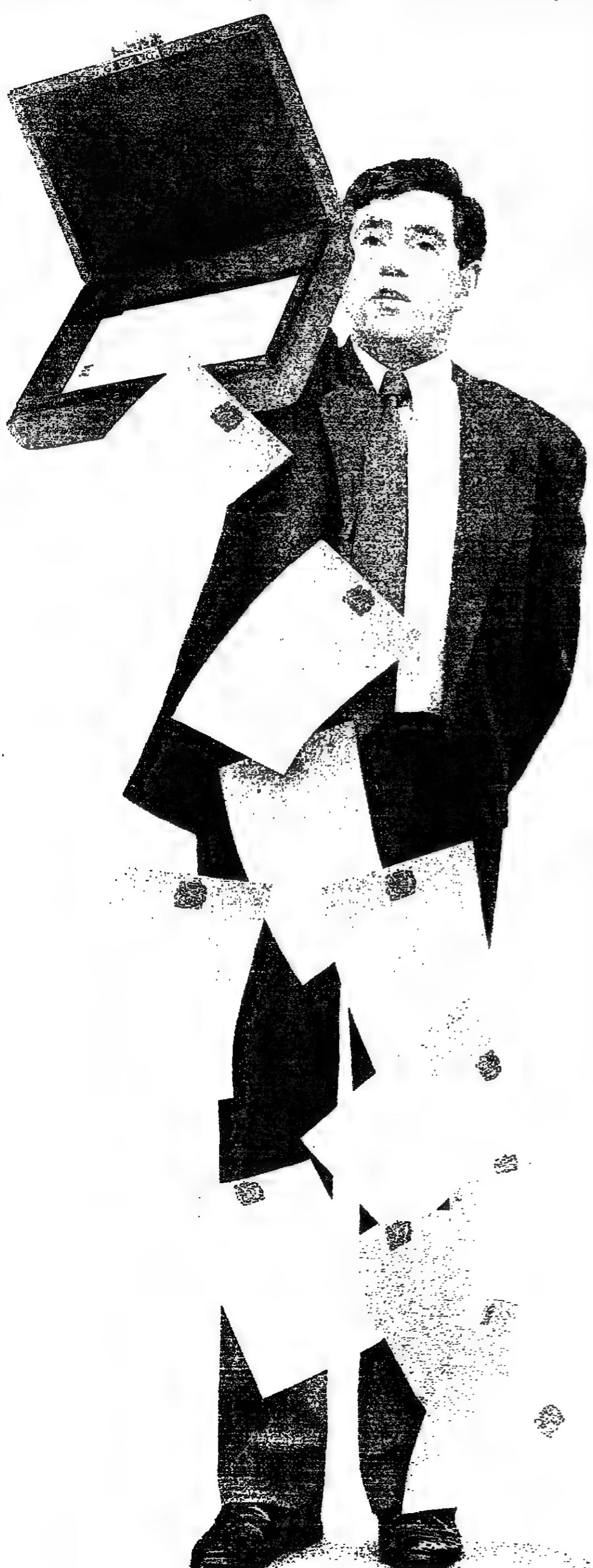
The route to success is not for the Government to try to pick winners but to create an environment in which more firms have more chances, by their own efforts, to succeed. That is why I have decided to do more to assist investment in small businesses. I have therefore decided to cut the small companies tax rate by 2 per cent from 23 per cent to 21 per cent, and to do so from April 1997.

In the past investment incentives have been introduced in recessions when companies are least able to consider new investment.

But at this point in the economic cycle an investment incentive should encourage companies considering future investments to bring those investments forward. I have therefore decided, with immediate effect, to double for one year the level of first year capital allowances on plant and machinery for small and medium-sized firms. This will apply to both companies and unincorporated businesses.

This means that if a firm invests within the next twelve months it

*Continued on facing page*



## BUDGET 97

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## a promise of stability, investment, work and opportunity for all

From facing page  
can set off against tax, not a quarter of its investment as either to but a half.

Over 3.5 million businesses will be eligible for this relief. It will be worth £230 million to small and medium-sized businesses next year and £70 million the year after.

It will be largely paid for by reinstating the one-year carry back for corporate losses, which was temporarily extended to three years during the recession.

Taken together, the cut in corporation tax and the new investment incentive represent a significant boost for small business investment. Britain moves forward with one of the most favourable tax regimes for small businesses of any country.

## FILM INDUSTRY

**B**ritain is increasingly leading the world in those industries which most obviously depend on the skills and talents of their workers — communications, design, architecture, fashion, music and film.

Our national endowment fund for science technology and the arts will offer talented young artists and scientists the finance to turn British ideas into successful business ventures. But despite the British film industry's outstanding record of creative and critical success, too many British films that could be made in Britain are being made abroad, or not at all.

The talents of British film makers can and should, wherever possible, be employed to the benefit of the British economy. So, after today, production and acquisition costs on British films with budgets of £15 million or less will qualify for 100 per cent write-off for tax purposes when the film is completed: a three-year measure at a cost of £30 million that will not only boost the number of British films but the British economy by boosting our exports.

## WELFARE

**I**n the new economy however, where capital, inventions, even raw materials are mobile, Britain has only one truly national resource: the talent and potential of its people. Yet in Britain today one in five of working-age households has no one earning a wage. In place of welfare there should be work. So today this Budget is taking the first steps to create the new welfare state for the 21st century.

The welfare state was and remains a great British achievement. It was set up to provide security for all, and opportunity for all, goals as relevant today as in 1945.

But for millions out of work or suffering poverty in work, the welfare state today denies rather than provides opportunity. It is time for the welfare state to put opportunity again in peoples' hands.

First, everyone in need of work should have the opportunity to work. Second, we must ensure work pays. Third, everyone who seeks to advance through employment and education must be given the means to advance. So we will create a new ladder of opportunity that will allow the many, by their own efforts, to benefit from opportunities once open only to a few.

Starting from next year, every young person aged 18-25 who is unemployed for more than six months will be offered a first step on the employment ladder.

Tomorrow the Secretary for Education and Employment will detail the four options. All involve training leading to qualifications: a job with an employer; work with a voluntary organisation; work on the environmental taskforce; and, for those without basic qualifications, full-time education or training. With these new opportunities for young people come new responsibilities. There will be no fifth option — to stay at home on full benefit. So when they sign on for benefit they will be signing up for work. Benefits will be cut if young people refuse to take up the opportunities.

This new deal for the young is comprehensive, rich in opportunity, linked to the development of skills and has already attracted the support of some of Britain's leading companies. I urge every business to play its part in this national crusade to equip this country for the future by taking on young unemployed men and women.

I appeal to every voluntary

organisation to make a further contribution to their community by taking on a young person. And I will make it possible for every member of this House to act as an ambassador for this venture, encouraging young people in their constituencies, consulting, talking to local businesses and bringing them together to play their part in this new deal for young people.

There are 350,000 adult men and women who have been out of work for two years or longer. The second component of our Welfare-to-Work programme will offer employers a £75-a-week subsidy to employ long-term unemployed men and women. Yet many of them who lack skills are debarred by the 16-hour rule from obtaining them. For this group — the unskilled — the 16-hour rule will be relaxed so that when the long-term unemployed sign up for benefit they will now sign up for work or training.

This programme of £3.5 billion — which includes an unallocated reserve of £500 million — will be the main item funded from the windfall tax on the excess profits of the privatised utilities, the details of which I will give the House shortly.

But in this Budget I will address also the needs of the two other important groups: lone parents and those in receipt of incapacity and disability benefits who, as a matter of principle, should also have the right to work.

There are now 1 million lone parents bringing up 2 million children on benefit. Any Welfare-to-Work programme that seriously tackles poverty in our country must put new employment opportunities in the hands of lone parents. So today I am allocating a total of £200 million from the windfall fund for the most innovative programme any Government has introduced for advice, training and day and

night childcare to support lone parents.

Currently lone parents receive little encouragement to seek work before their youngest child is 16. Under the programme I am announcing today, when the youngest child is in the second term of full-time schooling, lone parents will be invited for job-search interviews and offered help in finding work that suits their circumstances. On Friday the Social Security Minister will explain to the House the full details of how this radical new programme will be introduced.

## CHILD CARE

**B**ut from now on — as it should be — is an integral part of our economic policy. So first we will increase the supply of childcare in our country and make it more accessible; as part of the new deal for the under-25s, we will encourage voluntary organisations to take on and train young people and help them into careers as childcare assistants.

We believe that over a five-year period as many as 50,000 young people can be trained as childcare assistants. Second, we will make childcare more affordable; from next summer every lone parent with more than one child who qualifies for family credit, housing benefit or council tax benefit will have the first £100 of weekly childcare costs disregarded in calculating their in-work benefits; and from now on every lone parent with children of 12 years old or younger will be able to receive help; lottery money will be made available for after-school clubs. And as we replace the wasteful and chaotic system of nursery vouchers we will be able to offer reliable access to nursery places for every four-year-old in Britain.

With these measures that bring both childcare and employment within the reach of many more parents, we have taken the first step to a national childcare strategy for the United Kingdom.

No one in our society, in 1997, should be excluded from the right

to work either because of disability or incapacity, if they want to do some work. So as a final element of our Welfare-to-Work strategy we will also bring forward proposals to help those who are disabled or on incapacity benefit who want training or work. To fund this programme and other measures I have set aside £200 million from the windfall fund.

Taken together these comprehensive and ambitious initiatives mean that from now on, no section of society should suffer permanent exclusion.

For too long the United Kingdom has been united only in name. From today ours is a country where everyone has a contribution to make. The second principle of the new welfare state is to ensure that work always pays.

In May I established, under the chairmanship of Martin Taylor, a review to consider how we can streamline and modernise the tax and benefit system to help employment opportunity and work incentives and assist in strengthening family life.

We will introduce a 10p rate of income tax as soon as it is prudent to do so. A 10p tax rate — combined with a cut in benefit caps — will reduce in-work poverty. So too will the minimum wage which the Government will introduce after advice from the new low-pay commission.

Set at a sensible level, the minimum wage will not only establish a floor under wages but ensure in-work benefits act as a genuine top-up for low-paid workers rather than a subsidy for low-paying employers.

So I have also asked Martin Taylor to consider at an early stage the advantages of introducing a new in-work tax credit for low-paid workers. It would draw upon the successful experience of the Americans who earned income tax credit, which helps reduce in-work poverty and now helps 19 million lower paid workers.

Conclusions that emerge from this tax benefit review will inform the judgments in my next Budget, which I have decided will be in spring 1998.

## TRAINING

**T**he third component of the new welfare state is the establishment of a skills ladder — so that every employee is encouraged to learn skills throughout their working lives.

It is our intention to introduce individual learning accounts. And, to increase the staying on rates at schools and colleges, we will complete our review of educational finance and maintenance for 16 to 18-year-olds to ensure resources are used to support those most in need.

Just as the Open University has, since the 1960s, offered thousands of second chances in higher education through television, in their homes, our new University for Industry can, from the 1990s, through satellite cable and interactive technologies bring lifelong learning direct to homes as well as workplaces.

I have allocated from the Welfare-to-Work budget £5 million to start up the Public-Private Partnership that will fund the University for Industry.

By these measures which will create work, make sure that work always pays, and provide recurring opportunities for lifelong learning, the new welfare state will help equip Britain for the new world.

## TAXATION

**A** country equipped for the future should also have a modern tax system based on principle. The tax system sends critical signals about the economic activities a society wishes to promote and deter. Today I start to put these principles into practice by demonstrating our commitment to the environment.

As the statement of environmental principles set out by the Financial Secretary today shows, we are determined that our tax system and economic policies as a whole encourage the good and discourage the harmful.

The extraction of aggregates — including stone, sand and gravel — involves significant environmental costs and damage to the landscape, which may go beyond that recognised in the scope and level of the landfill tax. Too little is also being done to encourage water pollution.

With these measures that bring both childcare and employment within the reach of many more parents, we have taken the first step to a national childcare strategy for the United Kingdom.

No one in our society, in 1997,

should be excluded from the right



carefully. After a period of consultation, I will return with any proposals in these two areas in my next Budget.

Existing taxes, including our excise duties, must also advance the Government's environmental objectives. So to reduce pollution, lorries and buses that meet low emission standards will, from next year, attract a reduction of vehicle excise duty by a maximum of £500.

Rises in vehicle excise duty, broadly in line with inflation, will take place from November 17. And in line with the environmental objectives I have set down, road fuel duties will increase by an extra 1 per cent every year and above the annual 5 per cent real rate of increase established by the previous Government. Petrol will go up by the equivalent of 4 pence a litre from 1pm this evening.

I have also decided to raise the annual rate of increase in tobacco duties. From December 1 this year these will be increased by an extra 2 per cent a year — this year by another 5p — above the annual 3 per cent real rate of increase established by the previous Government.

In the normal course of events the price of a packet of 20 cigarettes would have risen by just over 14p. Under my proposals the price of a packet will rise on 1 November by 19p.

Alcohol and tobacco duties

demand careful consideration this year, not least because of the impact of fraud, smuggling and cross-border shopping. I have specifically asked them to consider a general anti-avoidance rule.

The principle of fairness in taxation will guide all my Budget decisions. So I can today announce that at this, the first opportunity, the Government will honour its pledge to cut VAT on fuel and power. To help pay for this, we will withdraw tax relief for private medical insurance for the over-60s which has failed to achieve its original purpose of substantially increasing the take-up of private medical insurance.

I would like to abolish VAT on fuel. But European rules prevent me from doing so. Therefore, VAT will be cut to the lowest level compatible with European law, that is 5 per cent from September 1, well in advance of winter fuel bills.

In this Budget I have no changes to make to income tax either at the basic or top rate. I will not extend VAT to food, children's clothes and newspapers and public transport fares. Nor will I during this Parliament. This is a Government that keeps its promises on tax.

But to cut fuel bills, I intend to make a further tax cut. The gas levy — imposed by the last Government — has pushed prices for domestic consumers higher than they would otherwise be. So, from next April year we are reducing the gas levy to

zero. 18.5 million domestic customers will benefit from this change. Their gas bills should fall by about 2 per cent on average.

As a result of these two changes, and other price cuts already announced, I expect gas prices to fall in real terms by 5.5 per cent this year and 11 per cent next year, which will mean a fall of £90 in next year's fuel bills compared with last year's.

Many of the least well insulated houses in Britain are occupied by older people. No pensioner should be in a position where for reasons of finance they cannot adequately insulate their homes. Today with our new programme of training and jobs for young people we are

**I am determined  
we will never  
return to the  
instability that  
characterised the  
housing market in  
the 1980s**

able to expand the national programme of home insulation.

Contractors within the home energy efficiency scheme, and voluntary organisations will be encouraged to take on young people to insulate the homes of pensioners.

Poorly insulated housing is but one of the most conscious failures of housing policies of the last 20 years. Even more serious is inadequate provision of low-cost rented accommodation throughout our country. This has led to overcrowding, the costly and wasteful use of bed-and-breakfast accommodation and in some cases homelessness.

This Government has a commitment in decent housing at affordable rents because we believe that overcrowding and homelessness on a scale we have seen are intolerable in a civilised society.

Building and repairing homes will answer a pressing social need and offer opportunities for skilled and productive employment. I can therefore announce the first step in a practical and measured programme to phase the release of capital receipts. Local authorities will have borrowing consent for an additional £900 million — £200 million this year, and £700 million next year — for building new houses and repairing their existing stock.

For most people the acquisition of a house is the biggest single investment they will make. Homeowners rightly expect their investment to be protected by sensible policies pursued by Government.

I am determined that as a country we never return to the instability, speculation, and negative equity that characterised the housing market in the 1980s and 1990s. Volatility is damaging both to the housing market and to the economy as a whole. So stability will be central to our policy to help homeowners. And we must be prepared to take the action necessary to secure it.

I will not allow house prices to get out of control and put at risk the sustainability of the recovery. I have therefore decided it is right to take two measures aimed at stability in the housing market.

First I will raise stamp duty from 1 per cent to 1.5 per cent on property sales above £250,000 and to 2 per cent for property sales above £500,000. This will take immediate effect after the Budget resolution has been voted by the House.

Second, continuing the reforms begun by the previous Government which removed mortgage tax relief at the higher rate of 40 per cent in 1991, and cut it to 15 per cent by 1995, I propose to reduce mortgage tax relief by a further 5 per cent from 15 per cent to 10 per cent from April 1998.

The timing of my measure should help to avoid a return to the conditions of the 1980s where the failure to take early action guaranteed worse problems later on. I believe these measures will help to ensure a more balanced recovery.

## WINDFALL TAX

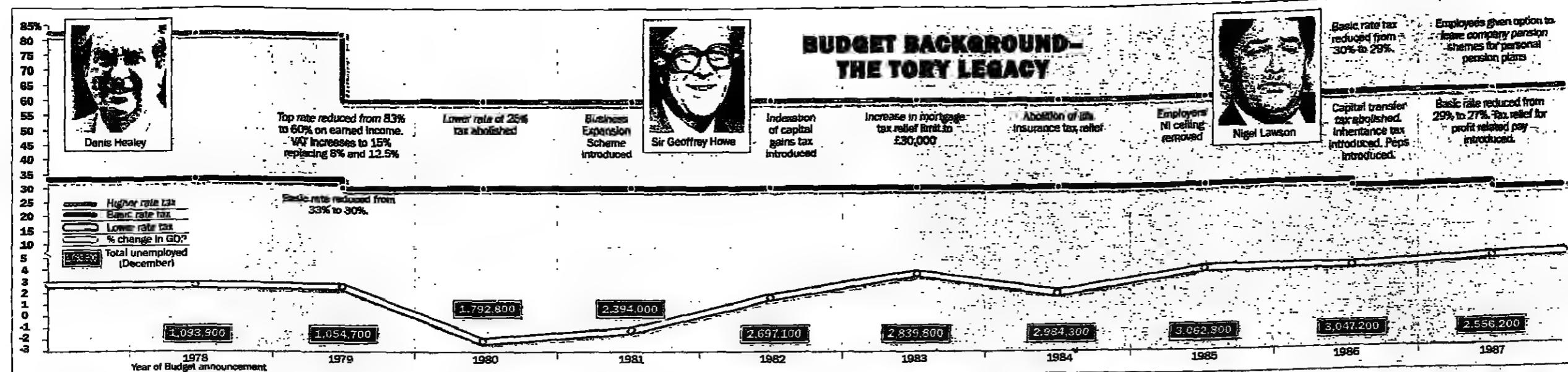
**O**ur reform of the welfare state — and the programme to move the unemployed from welfare to work — is funded by a new and one-off windfall tax on the excess profits of the privatised utilities. The tax will apply to companies privatised by flotation, and subject to economic regulation under specified acts of Parliament.

In determining the details of the tax, I believe I have struck a fair balance between recognising the position of the utilities today and their under-valuation and under-regulation at the time of privatisation. The windfall tax will be related to the excessively high profits made under the initial regime. A company's tax bill will be based on the difference between the value that was placed on it at privatisation, and a more realistic market valuation based on its after-tax profit for up to the first four full accounting years following privatisation.

In preparing the windfall tax we looked more broadly at the position

*Continued on page 18*

## BUDGET 97



## 'We are honouring our pledges'

From page 17  
long-term commitment to prudent  
of the affected companies. I  
am satisfied that no company  
faces an unduly heavy tax  
burden. The windfall tax will  
raise some £2.1 billion from  
the electricity sector, around  
£1.65 billion from the water  
sector, and some £1.45 billion  
from the remaining compa-  
nies. After taking the reduction  
in the gas levy into account,  
which will cost the  
Government £400 million  
over the next three years, the  
net effect of the gas levy and  
the windfall tax together will  
raise £4.8 billion.

After consulting the regula-  
tors, it is my judgment that the  
tax can be paid without any  
impact on prices, investment  
or the quality of service to  
customers or, in my view, on  
employment. It will be a one-  
off tax payable in two instal-  
ments. The first instalment  
will be paid on December 1,  
1997, the second a year later.

## BORROWING

Based on the fiscal tight-  
ening I have an-  
nounced today, I can  
now give full details of our  
five-year deficit reduction  
plan. The plan is aimed at  
reducing the structural budget  
deficit. It is made possible by a  
long-term commitment to fi-  
nancial discipline. It takes into  
account the uncertainties and  
risks involved in forecasting the  
economic cycle. It is under-  
pinned by a comprehensive  
review of the way Government  
spends its money; and it  
matches rigour today with a

long-term commitment to prudent  
public finances.

In January this year I an-  
nounced we would adhere for  
two years to the agreed control  
totals for public spending.

That commitment is re-  
affirmed today and integral to  
the Budget statement.

I announced there would be  
no spending round this year.  
Nor will there be. Departments  
are working within  
already announced departmental  
spending totals to reor-  
der spending from low priority  
to high priority areas. I am  
pleased to report that they are  
not only identifying waste and  
inefficiencies in existing  
spending but redistributing  
savings to the long-term priori-  
ties of this Government, not  
the last.

The figures I now give for  
my deficit reduction plan  
exclude windfall tax revenues.  
Borrowing was projected in  
the last Budget to be £19.25  
billion this year but is now set  
to be £13.25 billion. And bor-  
rowing that was projected to  
be £12.25 billion next year is  
now set to be £5.5 billion.

Beyond these years, I am  
publishing a range of projec-  
tions based on different as-  
sumptions for spending. In  
every case we meet the golden  
rule, see debt falling as a  
proportion of GDP, and,  
because of our discipline, we  
go below the borrowing pro-  
jections of the previous Gov-  
ernment. And for this year and  
for the foreseeable future we  
are comfortably within the  
Maastricht criteria for levels of  
both debt and borrowing.

## NHS

The Comprehensive  
Spending Review will  
determine overall priori-  
ties for the early decades of  
the new century.

In the case of the National  
Health Service, the first stage of  
our cuts in bureaucracy are  
being implemented this year.

By next spring the first conclu-  
sions from the strategic review  
of London hospitals will be  
implemented; we will act to

ensure that the long-term  
changes are underway, I want  
the NHS to be able to plan  
also for the year ahead. And I  
want them to do so in the sure  
knowledge of a prudent and  
realistic allocation for 1998-99  
which will ensure that patient  
care is secure.

The long-term plans mean  
that we are now sure the  
money will go where it is  
needed — direct to patient  
care. I have decided to allocate  
from the reserve to the NHS  
for 1998-99 a sum of £1.2  
billion. This does more than  
meet our commitment at the  
election for a real-term in-  
crease in resources. Health  
spending will now rise by 5  
per cent — 2.25 per cent in real  
terms — the same as our  
projection for the rate of the  
economy as a whole.

## EDUCATION

Education is our coun-  
try's priority. It holds  
the key to our future.  
But the Government must be  
satisfied that resources in edu-

cation are going direct to  
learning in the classroom. The  
Secretary of State for Education  
will bring forward propos-  
als so that every school can  
meet standards for results and  
discipline.

Our long-term review of  
spending on education,  
schools and local education  
authorities must meet targets  
for raising standards in  
schools. And they must demon-  
strate that money is being  
spent improving the quality of  
pupils' education.

For next year, while we  
review the future arrange-  
ments for local authority  
finance, capping will remain in  
place. But I propose to allocate  
from the reserve for 1998-99  
and specifically for use in  
schools an additional £1 billion  
to education.

Traditionally these an-  
nouncements — of tax rev-  
enues and spending allocations  
— would complete a Budget.  
But I have one more an-  
nouncement to make.

The windfall tax I have  
announced will finance the  
measures I have announced  
for employment and training.

But there is nothing more  
important to the training of  
young people than what hap-  
pens in our schools.

Indeed many of the prob-  
lems our Welfare-to-Work  
programme must now address  
start in school. We cannot run a  
first-rate economy on the  
basis of second-rate education.

In general economic success  
tomorrow will depend on in-  
vesting in our schools today.  
But at the present rate of  
progress many of our children  
will be educated for the 21st  
century in classrooms built in  
the 19th.

Today one million pupils  
are being educated in class-  
rooms built before the First  
World War. If our schools are  
to educate for the needs of the  
21st century economy they  
must themselves become  
schools fit to learn in and  
equipped for the 21st century.

And by encouraging schools  
to engage in Public/Private  
Partnerships, the public in-  
vestment we can lever in  
even more resources to ren-  
ovate our schools.

I want schools not just to  
repair the roofs and the fabric  
but to acquire the equipment  
and computers they need. So I  
have decided to allocate cash  
from the proceeds of the  
windfall tax for an immediate  
programme of capital invest-  
ment to equip our schools with  
the infrastructure, the technol-  
ogy, and the bright, modern  
classrooms they need.

The Paymaster General and  
the Secretary of State for  
Education and Employment  
will invite schools to submit  
plans showing how they pro-  
pose to upgrade, modernise  
and become schools fit for the  
21st century. The detail of the  
plans will be announced by  
the Secretary of State for  
Education in due course.

I therefore propose to make  
available £1.3 billion over the  
course of the Parliament, repre-  
senting a capital investment  
that averages almost £150 for  
every pupil in the country.

Taken together with the  
extra year-to-year expenditure  
I have just announced, this  
Budget allocates £2.3 billion in  
new resources for our schools.  
With this increase in edu-  
cational investment we are tak-  
ing the first step towards  
delivering our manifesto com-  
mitment to increase the pro-  
portion of national income  
spent on education.

In education, as in every  
other area, we are honouring  
our pledges to the British  
people.

The measures I have an-  
nounced today for stability,  
investment, employment and  
opportunity for all will make  
Britain better equipped and  
more ready to face the future  
with confidence.

Previous Budgets pursued  
the short-term interests of the  
few. This Budget advances the  
long-term interests of the  
many. A Budget equipping  
Britain for the future — meet-  
ing the people's priorities.

A people's Budget for Brit-  
ain's future. I commend it to  
the House and to the country.

Hague condemns  
'smash and grab'  
raid on pensions

BY ANDREW PIERCE  
POLITICAL CORRESPONDENT

LEADER OF THE  
OPPOSITION

WILLIAM HAGUE accused  
the Government of a bitter  
betrayal of trust by raising  
taxes 17 times in the Budget  
only eight weeks after winning  
the election on a platform  
of no increases.

Pensioners, home owners,  
low-income families and  
people with savings would be  
forced to pay the price of  
Labour's broken promises,  
the Leader of the Opposition  
said in his response to the  
Budget speech.

The windfall tax, the  
centrepiece of the Budget,  
was a cynical device which  
was a savings tax by any  
other name. The Chancellor  
had mounted a "smash-and-  
grab" raid on pension funds  
that would have a profound  
effect on the income of those  
over 65 for years to come.

Mr Hague said that the  
Chancellor had "hidden behind  
the skirts of complex tax  
increases and he gave warning  
that the reduction of VAT  
on fuel might have to be paid  
for by smaller rises in the  
state pension.

"Anyone with a pension,  
anyone with an insurance  
policy, anyone who has to  
pay a telephone bill, anyone  
who is working hard to build  
up a nest egg for the future,  
will be hit by the windfall  
tax," he said.

The measures I have an-  
nounced today for stability,  
investment, employment and  
opportunity for all will make  
Britain better equipped and  
more ready to face the future  
with confidence.

Previous Budgets pursued  
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Britain for the future — meet-  
ing the people's priorities.

A people's Budget for Brit-  
ain's future. I commend it to  
the House and to the country.

its supporters by saying there  
will be a £1.2 billion increase  
in health service spending." But  
it was a smokescreen. Last year the Tory Government  
had increased spending by  
£1.6 billion without a  
windfall tax.

The abolition of tax relief  
on health insurance for  
people aged over 60 would  
affect 600,000 pensioners. "It  
is an utterly vindictive way in  
which to raise extra money  
for the Treasury," he said. It  
would lead to up to 200,000  
people cancelling private  
health insurance policies.

which would lengthen NHS  
hospital waiting lists.

He said that the Chancellor  
had deliberately chosen  
Advance Corporation Tax to  
raise the bulk of the extra  
revenue because it was so  
complex he hoped that ordinary  
voters would not understand  
it or notice it.

"It is a tax strategy that  
halves the blame for him but  
doubles the pain for everyone  
else. This tax means pensions  
funds will be able to claim  
less tax back so their revenue  
will be lower, their growth  
will be lower and pensions  
will be smaller."

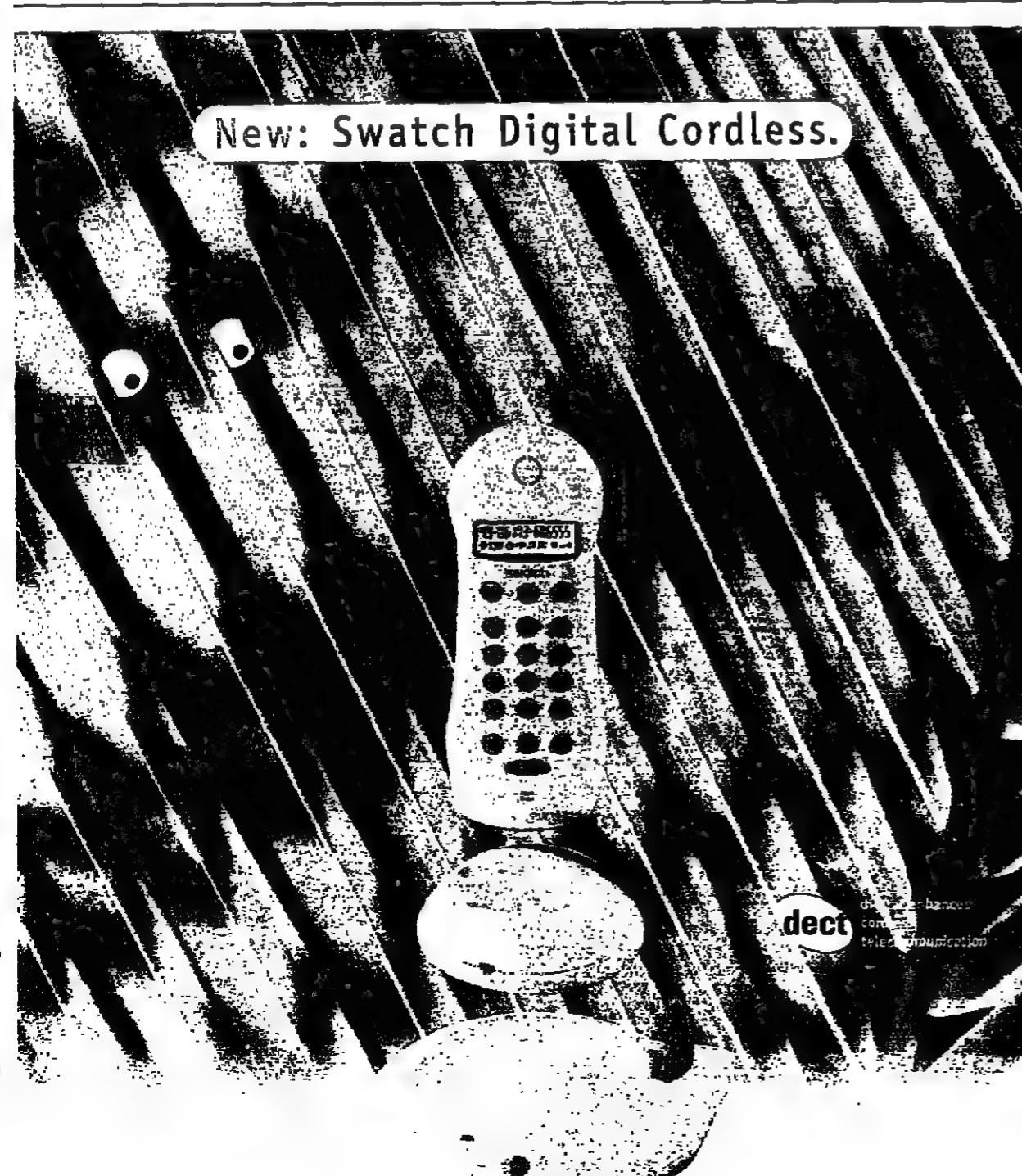
"The bills for the decisions  
taken today will be paid by  
millions of hard-working  
people many years down the  
line. It is a smash-and-grab  
raid on pension funds in this  
country and it is a cynical  
betrayal of the millions who  
have built up pensions and  
now see them devoured."

There was one effect every-  
one would understand. "Pen-  
sioners will be worse off."

The Chancellor was "look-  
ing for a free lunch from the  
windfall tax" by portraying  
"fat cats and stripe-shirted  
speculators" as the losers.  
But as Professor John Kay  
had written there was no  
such thing as a tax on firms.  
The burden always fell on  
individuals. Mr Blair ought  
to know — Professor Kay was  
one of his advisers. Mr Hague  
said to loud laughter.

He said that the Budget  
had missed opportunities  
which had done nothing  
for families that wanted to  
save, invest and keep most of  
their earnings. "In future years  
the country will want to  
know what the Government  
has done with the best eco-  
nomic inheritance in decades  
and they had better be ready  
to be held to account."

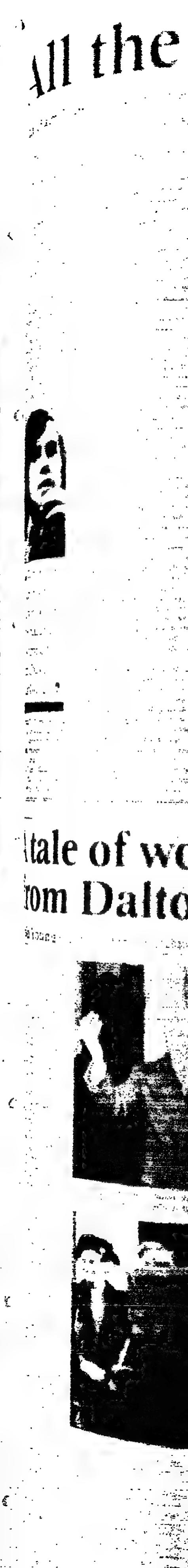
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## BUDGET 97

## All the different shades of Brown

Alan Hamilton profiles the man whose attitudes are coloured by deep-rooted strengths and beliefs

DURING the early stages of the English Civil War, the Scots despatched 20,000 men to aid Cromwell's army, on the promise that the Parliamentarians would impose upon the English Scotland's own brand of puritanism, the Presbyterians.

Some hope. The deal dissolved, but the Scots, being Scots, wrested some advantage from their punctilious ambition. When Charles I surrendered to a Scots army at Newark in 1645, they charged the English £200,000 to hand him over.

The grudging English stamped up muttering that the Scots had "sold their king



When he won his first bid for power, the balance was tipped by the Duke of Edinburgh

for a great". Now we have another Presbyterian, with his hands around the throat of English money.

But is Gordon Brown, the Fairfax to Tony Blair's Cromwell in the New Model Labour, really the person he has sometimes been por-

trayed? Or is he like his forebears at Newark, a canny Scottish pragmatist who would not mistake a balance sheet for a Bible?

Brown is a son of the manse: His father was a Church of Scotland minister in Kirkcaldy, a deeply unglamorous little town best known to the world for the manufacture of tobacco, and as the birthplace of Adam Smith, who codified the free market economy 200 years before Thatcher.

But there is little puritanism in the Kirk these days: Calvinist hellfire and brimstone has long since fled to fringe sects. Dr John Brown, now living in retirement in Aberdeenshire, is remembered as a man more interested in compassion than theological dogma, born of his early experience as a pastor among the slums and poverty of Govan in inner Glasgow.

He appears to have instilled in the young Gordon a deep sense of social justice and a belief that there really is such a thing as society.

That in itself is a particularly Scottish attitude. The poorer partner of the union has always by tradition been more collectivist than its English neighbour, and the culture of old Labour dies harder north of the border. Brown is a cerebral politician with an excellent mind honed on the hard school of a Scottish education, but he is still very much a product of his own roots.

A fast-tracker at Kirkcaldy High School, Brown entered Edinburgh University at the positively 18th-century age of 16, and by 20 had gained an outstanding first in history. Edinburgh was his political launch-pad: in his kipper tie, flares and shoulder-length hair, he was the archetypal student activist – except that, unlike his fellow campus crusaders, he declined to grow a beard, remaining



Brown's schooldays: a son of the manse, but his father was more interested in compassion than dogma

respectively clean-shaven. And, unlike most of the rest, he made a serious and successful bid for power.

The post of Rector is a fine democratic curiosity of the old Scottish universities, epitomised in law. The student body may elect a representa-

tive who can then chair the university court, effectively the board of directors.

Most previous holders had been old buffers, high-profile actors, comedians or other absentee figureheads, who rarely bothered to show their faces. Brown stood for the

post. He won hands down. The granite-faced mafia of senior academics, high court judges and other powerful worthies who ran the university, and just about everything else in Edinburgh, were so horrified at being chaired by a 21-year-old leftist that the

matter ended up in the High Court.

Brown won again. The balance is said to have been tipped in his favour by the university's chancellor, the Duke of Edinburgh.

When discreetly lobbied, the Duke took the view that

Brown was entirely within the rules.

The experience of confronting such an influential and oligarchic elite probably did as much to stiffen Brown's sense of social justice as anything he had learned at his father's knee.

But it also taught him the dark and useful arts of power-brokering.

Then, as now, Brown could appear an ascetic, earnest character; fellow-students christened him "Boredom Beaver Brown" for his dedication to detailed facts and arcane statistics. His obsession did not entirely rule out the more fleshly delights of undergraduate life, but it certainly coloured them.

For five years, Brown shared his student flat, and at least a corner of his life, with fellow undergraduate Princess Margarita, sparkling eldest daughter of the exiled King Michael of Romania. She said after their parting: "It was a very solid and romantic story."

"I never stopped loving him, but one day it didn't seem right any more. It was politics, politics, politics, and I needed nurturing."

Since then, Brown seems to have spent many of the intervening years in puritanical self-denial, retiring to Dunfermline East at weekends to live alone in a substantial house within sight of one of his major constituency headaches, Rosyth dockyard.

But in recent days, there is news that the flinty Presbyterian heart may be susceptible to charm after all.

Brown is said to be intent on marriage to Sarah Macaulay, a 32-year-old public relations executive whom he met three years ago at a Labour fundraising event, and with whom he has been photographed by the Sunday tabloids at fashionable London dining dens.

After 14 years in Parliament, the Rt Hon James Gordon Brown, former lecturer and TV current affairs journalist, has a new working address at 11 Downing Street, although the accommodation is used by the family of his friend Tony

Blair, who found No 10's rooms too small.

Puritan or not, Gordon Brown is undeniably from the very middle class that he, like many Labour chancellors before him, has punished in Budgets. Far from denying his class, he made so much of it last year that he earned a metaphorical smacked bottom from his mother.

In an effort to curry favour, Brown told a gathering of businessmen that he himself came from a business background and knew all about running a company, as his mother and father had been directors of the family timber business run by his uncles. Mrs Brown, a spirited lady of 80, told *The Times* that she and her husband had merely been directors on paper, and had never had anything serious to do with buying and selling wood.

So for the Chancellor to



I did not stop loving him, she said, but it was all politics. I needed nurturing

tax business is no sign of puritanism, for there is no element of self-denial, but for him to hammer the middle classes is a different matter.

He is, of course, a non-smoking non-driver. Scottish canniness may have won the day.

## A tale of woe stretching from Dalton to Healey

Robin Young on the series of catastrophes faced by Labour Chancellors

GORDON BROWN'S Budget was the first presented by a Labour Chancellor for 18 years, and the last before that was really a non-event. On April 3, 1979, with the Labour Government having lost its majority and a general election already announced for May 3, Denis Healey presented a Finance Bill which made minimal changes to the tax structure in lieu of a proper Budget.

The Conservatives under Margaret Thatcher won the election and it was Sir Geoffrey Howe who, on May 12, reduced income tax by 3p in the pound, cut public spending by £4 billion and increased VAT to 15 per cent.

For Labour Chancellors, life has been a series of catastrophes and crises, though Lord Healey insists now that the only thing which makes being a Labour Chancellor more difficult than being a Tory one is the problem of getting spending cuts accepted by the party.

The strain can tell, he admits. It was Healey who, en route to Heathrow, had to cancel a flight to Hong Kong in November 1976 because of the plummeting pound (it fell to US\$1.637). He was obliged to borrow £2,399 billion from the International Monetary Fund and to introduce the heaviest programme of spending cuts that Britain had ever known. The only alternative, he claimed, was "economic policies so savage that they would lead to rioting in the streets".

He believes that he never worked harder than in the six years that he was Chancellor. "I reckon I regularly worked 16 hours a day, and I got an anchor of shingles, a sign of stress, during the preparation of one Budget."

His wife, Edna, recalls: "I regularly laid a place at the table for the red box, because Denis always worked right through mealtimes."

James Callaghan, Harold Wilson's first Chancellor, and the only Labour Chancellor ever to succeed in becoming Prime Minister, agrees that



Hugh Dalton, above, had to resign in 1947 while Sir Stafford Cripps retired a broken man in 1950



the former position is "the most nerve-wracking job I ever had".

Roy Jenkins, Labour's most successful postwar Chancellor (he bequeathed Anthony Barber a record revenue surplus of £2,444 million in 1970), subsequently left the party to found and lead the Social Democratic Party, and now sits in the Lords as a Liberal Democrat.

He recently compared presenting a Budget to "skydiving without a parachute", and said that at best the Chancellor's work is "like building

sandcastles within the tide-line, erecting edifices which will be washed away by the high tide of one's immediate successor".

For Labour Chancellors the dreaded words in the political vocabulary include: "wage inflation", "spending cuts", "import controls", "stealing crisis", and, worst of all, "devaluation".

The introduction of a wealth tax, heralded by Healey in his first Budget in March 1974, was abandoned to "indefinite delay" by a further announcement in December 1975, and has been little heard of since.

Three of Labour's six postwar Chancellors were forced into devaluations. James Callaghan, obliged to devalue the pound from \$2.80 to \$2.40 in November 1967, insisted at the

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## BUDGET 97

## A day of low drama and mixed fortunes for soap families



■ **Jack and Sarah Sugden** of *Emmerdale Farm* are mulling over Gordon Brown's Budget with typical Yorkshire caution. Having just bought a new farm, Jack is not quite sure whether he could qualify for first-year capital allowances to buy a new tractor. With a foster child and their own two children, the couple are happy that an extra £150 per child is to be spent on schools. With a Ford Mondeo estate and a couple of Land Rovers, the Sugdens are not happy about another 4p a litre on petrol and diesel. Jack's pint at the Woolpack will be more expensive too. The couple have only a small mortgage, having bought out Jack's mother from her partnership with the proceeds of the sale of the original *Emmerdale* Farm, so the reduction in Miras has little effect.



■ **Tiffany Mitchell** of *EastEnders* is the sort of girl that Gordon Brown is out to help. She has been bringing up her baby girl, Courtney, alone, living with her brother Simon and his boyfriend Tony Hills until the boiler broke down and left them with no hot water.

That left the former beautician with no option but to go back to the Queen Vic, where husband Grant Mitchell is head barman. She has taken a temporary job, and could be a beneficiary eventually of the national minimum wage. On the other hand, help with the fuel bills in Mr Brown's Britain of the future might have helped her to maintain her independent lifestyle as a lone parent that much longer.

The Mitchells drink, which will cost them a bit more from January, but they do not smoke. On the other hand, Albert Square's pensioner Dot Cotton, recently retired from her laundrette, is going to be hard hit by the extra 19p on a packet of cigarettes, as she smokes rather a lot.

Bianca, from 43 Albert Square, is also going to be affected because her taste for vodka and orange will become a bit more expensive when spirits go up by 19p a bottle. On the other hand, her earnings as a market trader selling ladies' fashions could mean that she is a candidate for the 10 per cent

rate of income tax that Mr Brown has mooted. It depends on what expenses she has the temerity to claim under self-assessment for running her market stall. Her Ford Escort will be drinking up the extra pennies, but her husband Ricky is a mechanic, working for Phil at the Arches, so he is well-qualified to keep her car mileage figures within tolerable bounds.

Tiffany could be able to put in extra hours at her temporary job at the Vic thanks to the suspension of the 16-hour rule for unskilled workers. That will depend, though, on whether her former employment as a beautician disqualifies her from the category. Apparently she had no formal qualifications so is probably safe.

Few inhabitants of Albert Square are likely to be affected by the Chancellor's threatened review of tax avoidance. They have little experience of Tessa or Peps and are unlikely to open individual savings accounts when they are given the opportunity.

**Tax evasion is rife** among the Square's denizens, however, and is not likely to be abated by the Chancellor's assurance that the top and basic rates of income tax are fixed for the duration of this Parliament.



■ **The Rev Geraldine Granger**, the plump, thirtyish vicar of Dibley is relieved that the Chancellor failed to introduce Chocolate Tax to fund the NHS in its treatment of diseases associated with excessive consumption of sugar. She is equally pleased that there is no VAT on food, particularly on her little weaknesses in the confectionery department. A non-driver, she worries that the extra 4p a litre on petrol may deter some of her *further-flung parishioners* from attendance on Sundays, and that she may have to lure them with pulpit gimmick, like tips on how to avoid the new tax avoidance clampdown. Her clerical stipend is modest, but unlikely to squeeze her into the proposed 10p tax band. Still, a reduction to 5 per cent of VAT on fuel will help her to heat the rambling vicarage.



■ **Miles**, Anna, Mily, Egg and Peiry, the trendy twenty-somethings who share a rented house in BBC2's *This Life*, are rather offended that Gordon Brown's Budget statement made no apparent reference to them. His attentions were concentrated on the young unemployed. The *This Life* characters are all gainfully employed, and none is a lone parent, for whom Mr Brown announced concessions. They are mortified to have to pay an extra 19p a packet on the cigarettes that three of them smoke. The 4p on a bottle of wine will not reduce their consumption. Cuts in VAT on domestic fuel will reduce their bills next winter, but by then they will have forgotten all about the Budget. They rarely discuss macroeconomics, having more urgent concerns, such as their love lives and careers.

## Charity groups decry loss of tax relief

£280m blow offsets lottery cash, reports Alexandra Frean

CHARITIES expressed dismay last night at the scrapping of advance corporation tax (ACT), which will cost them about £280 million a year, more than the £250 million that they receive from the National Lottery.

Voluntary sector leaders expressed relief, however, that the measure will not be applied to them until 1999 and that there will then be a five-year, government-funded transition period. They also welcomed the Chancellor of the Exchequer's decision to order a full-

scale review of the tax treatment of charities.

Stuart Etherington, chief executive of the National Council of Voluntary Organisations, said that the Government's decision to delay the abolition of the tax for charities was a welcome recognition of their special role in society.

"Charities' investments cannot be compared with those of the profit-oriented private sector. They are social investments with the returns being used to provide services and

advocacy for some of the most vulnerable people in society," he said. He added that he was relieved that the Chancellor had delayed the abolition of the tax for charities. "At least the sector will have a little more time to adjust to this loss and to develop and test out other sources of income."

Mr Etherington felt that more help would be needed for charities if they were to work

in partnership with the Government on its Welfare to Work programme.

"If the sector is to take on these new responsibilities, it will need a strong financial base from which to begin," Mr Etherington said. He expressed the hope that the Government will develop a means of protecting the sector from any unintended consequences. The existence of the

tax effectively means that charities' investment income is 25 per cent higher than it would be otherwise because it enables them to claim back tax credits on the gross dividends paid by companies.

Charity managers are particularly worried about the withdrawal of tax relief, because they are having to rely increasingly on investment income for their survival. In the

face of a steady drop in individual donations to charity from the public, investment income is one of the few areas in which charities have experienced financial growth.

According to the National Council of Voluntary Organisations, a fifth of general charities' income is derived from investments. The Barclays/NGO Finance Charity 100 Index, shows that invest-

ment is the only income stream to have risen in every quarter since 1992.

Reform of the tax will not just hit the big charities that have significant investments. As many small and medium-sized charities receive funds from endowed charitable trusts, such as the Wellcome Foundation, which calculates that it stands to lose £1 million a week from the scrapping of the tax, they will suffer too.

A spokeswoman from the Charities Tax Reform Group said that she was delighted

that the main focus of the review of the tax treatment of charities would be the current VAT arrangements.

These cost charities about £350 million a year in VAT payments that they cannot claim back. The review will also cover direct taxes and business rates.

The review will be based on consultation with the sector, and charities are invited to contribute their initial views by December 1. A consultation document will be published by April next year.

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# Albania plays out tragic-comedy as Berisha's henchmen exit

ALBANIA yesterday descended into the chaos of a comical banana republic as President Berisha marshalled his guard, police and special police units to defend the capital, Tirana — and his Prime Minister, Bashkin Fino, ordered them to stand down.

Blue police tanks rumbled one way and green army and presidential guard tanks trundled another; the monarchists decided to join in the fun and held a demonstration that blocked the city's main Skanderbeg Square and all routes north.



Only a few days after its general election, Tom Walker finds Tirana fast becoming the setting for a Balkan farce as official results trickle in

The Socialists promised they would join them in the evening. Soldiers, bodyguards and police smiled and waved at one another as they set up and dismantled roadblocks, before most decided to go home of their own volition in the

sticky afternoon heat. Earlier in the day it had been confirmed that Belu Cela, the interior Minister and one of the most hated henchmen of the Berisha regime, had indeed fled the country, making the state of emergency that has existed

for the past five months something of a headless chicken.

Mr Fino, however, insisted that Mr Cela was still in charge, and that Mr Berisha had overstepped his constitutional limits in taking command of Albania's motley military and police elite.

The President argued that his security coup seemed not to be working, called a press conference. It clarified nothing, in particular the small matter of how long he would remain President given that at least two thirds of the country had just voted against him. Speak-

ing in his own patented elliptical English, while mysteriously lapsing into French for the benefit of American reporters — President Berisha bamboozled an audience of about 200 with replies that meant little.

It is now generally agreed that Mr Berisha will stand down once the Socialists have formed a government, although when that will be remains far from clear.

Albania's Central Election Commission admitted yesterday that it still could not give the result of Sunday's general election, telling

reporters to return tomorrow. In the meantime, the President's security entourage is leaving the country before it can be swept away in a tide of vengeance.

Apart from Mr Cela, who left for Greece, Agim Shehu, the police chief, jumped on a Lufthansa flight on Monday, just as Xhavit Xhaferi, the head of the presidential guard, boarded a Turkish Airlines flight to Istanbul.

Completing a rum quartet was Gjergj Leza, the former head of the financial police and head of information for the Shik secret

police, who was seen taking an Albanian Airlines flight also to Istanbul. A stewardess with the domestic airline confirmed that another 15 of the presidential guard had left for Turkey on Sunday.

Mr Berisha had some explaining to do, but preferred to pretend the exodus was not happening. Why had he called out the troops? "You are absolutely right — there is no one in charge. I have difficulty in accepting that he [Mr Cela] can do his duties outside Albania."

Leading article, page 25



Dyachenko: emerging as a powerful figure

**Yeltsin 'broke law' over job for daughter**

FROM ROBIN LODGE  
IN MOSCOW

THE Communist chairman of the Russian State Duma, the lower house of parliament, has accused President Yeltsin of breaking the law by appointing his daughter an official adviser. The move is also being challenged in the Supreme Court.

Tatyana Dyachenko, 37, Mr Yeltsin's younger daughter, was one of his father's closest aides since she took over his successful re-election campaign last year. Closely linked with Anatoli Chubais, the First Deputy Prime Minister, she was regarded as one of the most powerful figures in the country, even before her appointment this week as an official adviser, an image-making.

Gennadi Seleznyov, the Speaker of the Duma, said the appointment was illegal under the civil service law, which sets strict limits on the appointment of relatives to state agencies.

In a separate development, a lawyer from Klin, northwest of Moscow, has filed a suit to challenge the appointment, citing the civil service law and a presidential decree on civil service positions issued in January last year.

The presidential press service denied that the law had been transgressed. It said that the President was not a civil servant and that accordingly appointments to his administration were not covered by the law.

The Russian public does not take kindly to women family members being pushed the front and wives and daughters have usually been kept in the background.

Mikhail Gorbachev's wife, Raisa, was reviled throughout the country because of her public prominence. Mrs Dyachenko risks similar vilification, in contrast to Naina Yeltsin, the President's wife, who has been careful to maintain a supportive but low-key profile.

Mrs Dyachenko said it had been a difficult decision to accept a formal post on her father's staff, but that she had gone ahead "because of the necessity of such a step".

## US space chiefs hope for Martian marvels

FROM IAN BRODIE IN WASHINGTON

NASA hopes its luck will change for the better tomorrow with a promised space spectacular from America's latest mission to Mars.

If all goes as planned, the landing craft will pop open and deliver a vehicle smaller than a child's pedal car that will set off to explore the surface of the Red Planet.

By happy chance, NASA officials could find no "window" for the landing other than July 4. Their hope is that millions of Americans, already basking in the patriotic glow of Independence Day,

Nasa could do with a boost after the flak it has taken over the wisdom of sending the British-born astronaut, Michael Foale, to Russia's archaic and accident-prone Mir space station.

Brian Cooper, a young NASA scientist, will steer the car as if he were playing a video game, but with a couple of momentous differences.

For one thing, he will have millions of back-seat drivers watching over his shoulder. For another, each turn of the wheel will take 11 minutes to reach the car 119 million miles away, followed by a wait of another 11 minutes for the car to send a signal acknowledging the instructions back to the Jet Propulsion Laboratory in Pasadena, California.

The car, a six-wheeled box known as Sojourner, is not built for speed. It will proceed at just over 1ft per minute to try to prevent it falling irretrievably into a Martian potato or over a cliff.

On-board lasers will "feel" the terrain for dangers that have eluded Mr Cooper and, if they spot any, Sojourner will come to a prudent halt while distant humans ponder their next move. Sojourner will be NASA's first unmanned rover on another planet.

Two Viking spacecraft landed

will turn on their television sets to enjoy the added filip of seeing their tax dollars at work on Mars.

ed on Mars 21 years ago, but remained stationary. The data they sent back, though remarkable, offered no proof of life on Mars. Sojourner will analyse rocks and stones strewn about in an arid plain known as Ares Vallis.

Nasa will try a new, cheaper way of landing on Mars that some consider risky. Instead of going first into orbit around the planet and then releasing the landing craft, the Pathfinder spacecraft carrying Sojourner will barrel straight

through the upper atmosphere at 16,000mph. As it descends, a parachute will be released for deceleration and a cocoon of super-strength airbags will inflate to cushion impact. Even so, Pathfinder is expected to crash-land at 50mph and may bounce 100ft a couple of times before coming to rest.

The exploration in the bitterly cold Martian climate is unlikely to last longer than a month. The cost is \$270 million (£163 million) as against \$1 billion for the two Vikings.

This is the first in a series of Mars probes culminating in 2005. By then, Nasa hopes the spacecraft will be equipped to blast off, bringing Earth its first cargo scooped from the surface of another planet.

□ **Martian TV:** The Pathfinder landing is marked by three days of special programmes on BBC2 starting tomorrow at 8.30pm with an evening of documentaries. First pictures from the planet should be seen in *Live From Mars* on Saturday from 9am to 10.30am.

## Volcano airlift for woman's pets

FROM TOM RHODES IN MONTSEERRAT

MARY HEALY has devoted her life to the 17 cats and dogs who inhabit her home directly beneath the spewing vents of Montserrat's malevolent volcano.

Despite last-encroaching lava flows which have already killed 23 islanders on this tiny British colony, the ageing American has disregarded warnings and steadfastly refused to leave her house in Richmond Hill.

"I would never leave without my animals," she said yesterday. "They are like babies to me. Am I supposed to let them starve and die?"

Ms Healy, who describes herself as close to 70, has become something of an embarrassment for the local government, which has been

forced to evacuate the entire south of the island. Finally, last night it seemed that help was at hand. The World Society for the Protection of Animals was mounting a special mission to airlift Ms Healy and her brood to safety in the north. Kneel shelters were being built to house the animals and Ms Healy was offered free accommodation at the Vue Pointe, the island's single remaining hotel.

"I am probably the only one left in the alleged unsafe zone," she said as she started to pack.

"But I am still worried. Some of my animals didn't show up for breakfast this morning and I think they know something's wrong."

The animal protection

group is also attempting to save hundreds of pets abandoned after the volcano erupted violently last week. A total of 32 cats and dogs have been flown to new homes in Florida, but Kathi Travers, a project director, said the organisation would remain on the island to care for those that remained.

We have been criticised because there are people wanting to leave and we are only helping animals, but that is our job," said Ms Travers.

This place is being devastated and we will be here until that job is finished."

Chances Peak continued to belch plumes of gas and molten ash yesterday. Scientists, monitoring the tremors

from the Montserrat Volcano Observatory, see little hope of any respite in the near future. And the British Government was coming under intense pressure to create new housing for those made homeless by evacuation. Father Larry Finnegan, the island's Roman Catholic priest, held morning Mass in a room at the hotel to pray for the volcano to return to its slumber.

"We pray that she will go to sleep again and just hope our prayers are answered," said the Irish priest and former missionary in London's East End. By today, everyone hoped, Father Finnegan would have a new addition to his temporary parish in the form of Mary Healy.

□ **Volcano:** The tremors

## Russian who sold secrets is jailed

FROM ROBIN LODGE  
IN MOSCOW

A FORMER senior Russian Defence Ministry official was sentenced yesterday to ten years in a labour camp for spying for Britain, the *Itar-Tass* news agency reported. His property is also to be confiscated.

Valeri Sintsov, who worked as director of foreign economic relations at a Defence Ministry weapons plant, was arrested three years ago on charges of supplying Britain with details of arms development. Investigators said he had been recruited by British military intelligence and had also accepted bribes from various unnamed foreign organisations. British officials have declined to comment on the case.

At the start of his closed trial in May, Russian television broadcast footage of Sintsov describing his espionage activities, which he said included giving information on Moscow's arms sales to Middle East countries.

Despite the end of the Cold War, the Federal Security Service, the successor to the KGB's internal security arm, says it caught 39 Russian citizens spying for foreign powers in 1995 and 1996. Among them was Platon Obukhov, a Foreign Ministry Second Secretary, whose arrest last summer led to the expulsion of nine British officials.

Speaking by telephone yesterday to colleagues in Calgary, Dr Mathews said: "This was not quite the result we expected when we went in there. I suppose I won't be going back to El Cayo for a while. It's far too tense to go in and do anything. We should have to have a heavily armed escort and the military won't want to provoke the situation."

Economic hardship among government employees makes them susceptible to offers from foreign powers.

## Handover raises corruption fears in Hong Kong

FROM DAVID WATTS IN HONG KONG

CORRUPTION is a vital part of doing big business in China, though no businessman will ever admit that he has oiled the wheels.

With no recognised system for vetting or allocating contracts, access to the senior leadership in Beijing or at provincial level is vital. Such guidance is expensive and available only from consultancies that count former government trade officials among their number.

The prospect of corruption seeping down from the mainland has long been a concern of Hong Kong people, who have enjoyed a clean government and bureaucracy since the territory was handed over to the Chinese in 1997. Murray MacLachlan, a former Governor.

For their part, the Chinese are worried about squeaky-clean Hong Kong business practices coming in and spoiling the party. When it was suggested recently that Hong Kong's Independent Commission on Corruption should work on the mainland, Chinese businessmen across the border complained: "We can't do business any other way."

One Japanese businessman said this week: "We know how to deal with Chinese corruption."

Corruption in the 1990s is a sophisticated business: brown envelopes are a thing of the past. Now electronic transfers shift large sums straight into

here. He said that on June 30 he was asked by Kim Salkeld, one of Mr Patten's private secretaries, to bring the flag to Government House after Chris Patten, the Governor, and his family had left the building (Jonathan Mirsky writes).

This was disclosed by Jack Edwards, 79, the custodian of the flag and a former prisoner of war who had fought for better treatment for veterans

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# A Budget for all seasons

Peter Riddell on the growing dominance of the Chancellor

Gordon Brown is a very lucky man. He inherited a very strong economy and that has given him the chance to be both a fiscally responsible and a generous Chancellor. It is too good to be true, as all Budgets are. Many people will have to pay for his proposals. But Mr Brown used his opportunity skilfully. He gave the Government's programme a needed sense of direction, delighted Labour MPs and in the process underlined his dominance of policymaking.

All new Chancellors like to set their long-term goals in their first Budgets. Mr Brown was like his predecessors in highlighting those elusive goals of macro-economic stability and improved long-term performance of the economy. And so say all of us.

But Mr Brown is not content just to be minister of finance, managing the economy. Edmund Dell, a former Treasury minister, noted in his masterly *The Chancellors*: 'Labour Chancellors exhibit one strong professional deformation — they feel they must show their colleagues that they have wide horizons.' Being Iron Chancellor is not enough, you have to show you care as well.

He is not content just to be managing the economy

Mr Brown made clear in his Opposition years that he sees the Treasury at the centre of the Government's whole strategy — directing welfare reform, broadening employment opportunities and encouraging greater investment by industry. Throughout yesterday's speech he referred to details that would be announced by other Cabinet ministers over the next few days as if they were subordinates filling in details of his master-plan. In this respect, Mr Brown is like both Lloyd George, whom he publicly admires, and Nigel Lawson, whom he does not. They were the driving forces of their administrations' wider programmes.

The strength of the economy has been a double-edged inheritance for Mr Brown. Far from the Tories leaving a black hole in public finances, the Treasury has much higher tax receipts than expected. In Kenneth Clarke's last Budget seven months ago because the economy has been growing so rapidly. Even leaving aside the more cautious assumptions made by Mr Brown — and endorsed a fortnight ago by the National Audit Office — the buoyancy of tax receipts will produce an extra £3.3 billion this year, and £6.7 billion next year. That accounts for more than half the reduction in public borrowing and fiscal tightening that Mr Brown proudly claimed yesterday. And, of course, the Bank of England may exercise its new freedom to put up interest rates if it is still worried by the pace of expansion.

The tax package has been carefully judged not to cause too much obvious pain, though many will pay. The main losers are housebuyers (though less than expected), future pensioners (as a result of the change in dividend tax),

Overall, the balance of the package — the extra spending for health and education, the cut in VAT on domestic fuel and the welfare-to-work package — should go down well and offset protests from those adversely affected by the tax rises. Mr Brown will have made some enemies, but not enough to make a real dent in the Government's popularity.

Mr Brown aims to be one of those rare politicians who make the weather', as Winston Churchill so vividly said of Joseph Chamberlain. He wants to set the political agenda and, judging by yesterday's Budget, he is doing so. If Tony Blair is chairman of new Labour plc, its public face, then Mr Brown is its chief executive.

The conduct of Lord MacLehose is

## Slipped away

ABSENT from the main Hong Kong handover celebrations was Henry Keswick, the chairman of Jardine Matheson and as potent a symbol of colonial Hong Kong as the Jockey Club. A few hours before the main event he had slipped over in the rain and broken his shoulder.

Keswick, 58, who flew to Hong Kong with his wife Tessa for the handover, was standing in the torrential rain at 6.15pm watching an official parade when he slipped.



Off games: Henry Keswick

Lucky, his brother, Simon Keswick, and Sir Charles Powell, Baroness Thatcher's former adviser, now a director at Jardine's, were near at hand to ensure the great taipan's safe transfer to hospital.

"The ground was very wet and he just went flying," says Powell, who has already returned to London. "He was badly hurt so he had to stay behind in hospital."

The accident meant that Keswick, a keen socialite, not only missed Monday night's dinner attended by the Prince of Wales, but also the midnight party in Victoria Harbour, where a fleet of barges sponsored by his own company rocked to karaoke music on the water while the fireworks exploded above.

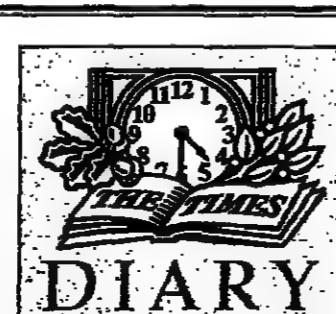
"I'm sure he's being dealt with skilfully by the Chinese, but I imagine he's longing to get home," says Sir Charles. "We're hoping to see him back this week." Keswick's wife has remained in Hong Kong with her husband.

## Rugby win

NOT once on his recent visit to the Greek island of Cephallenia did the writer Louis de Bernières have to reach for his wallet. The reason?

## Island hop

"I got the idea when I filled the car with petrol"



The success of his novel *Captain Corelli's Mandolin*, which tells a love story set on the island during the Second World War, has worked wonders for the local tourist industry. In hotels, bars, and restaurants, de Bernières found the tourists appearing unrequested, room service bills torn up before his eyes.

"The Cephallenians are terribly pleased to have at last found their own place in literature," says de Bernières, who has been filming a documentary about the impact of his book on the island. "They were

fed up with Corfu taking all the tourism, because of Gerald Durrell. The woman at the Historical Museum tells me that 90 per cent of the visitors to the island have read my book."

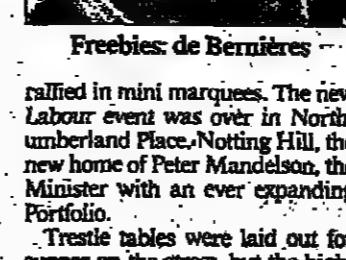
• Ten years after he drew 62,000 to a concert in Florence, David Bowie, the rock star, is having difficulty on tour in Italy. His promoter, Mimmo D'Alessandro, has been moaning to the Italian paper *Corriere della Sera* that only 5,500 tickets have been sold for a Bowie concert next Monday in a stadium which seats 30,000. The story is similar all over Italy. These are bad times for British acts. On Monday, Simple Minds, once stadium fillers, played to a feeble crowd of 3,000 in an echoing 15,000 capacity auditorium.



## Street smart

FOR a few hours on Tuesday night, the rain held off for London's July street parties. In St James's Street, in Piccadilly, Green's restaurant laid on champagne and oysters for the neighbours, while the entertainment was provided by Malcolm Innes, a local gallery owner, and a pin-striped Highlanders pipe band.

In Motcomb Street, in Knightsbridge, the cast of *Hello!* magazine



Freebies: de Bernières

raffled in mini marques. The new Labour event was over in Northumberland Place, Notting Hill, the new home of Peter Mandelson, the Minister with an ever expanding portfolio.

Treatie tables were laid out for supper on the street, but the highlight of the night was Ben Bradshaw, the dashing new MP for Exeter, throwing himself into the hockey-cokey, sending his tightly trousered legs and Doc Marten boots shooting off in Monty Python-esque directions.

P.H.S

## Brown's short-term medicine

For Tim Congdon  
the cure is worse  
than the disease

The charge most commonly levelled against British management by new Labour politicians is 'short-termism'. In his first Budget, Gordon Brown claims to have changed the incentives facing management, encouraging long-term investment for the national interest. The truth is rather different. Far from providing a stable environment for the long-term planning of savings and investment, Labour's first Budget creates new risks and instability for companies, and greatly complicates the provision of pensions.

The first mistake is the windfall tax. Mr Brown can, of course, defend it because it was in the Labour manifesto. But — from a broader perspective — the tax is still seriously misconceived. The industries affected have little in common except that they were once in public ownership: the inclusion of some industries and the exclusion of others cannot be defended on any simple criterion of fairness or similarity. The tax is highly retrospective, being in the case of BT based on profits earned almost ten years ago and difficult legal questions are raised about the distinction between taxation, which is applied uniformly across a recognisable tax base, and confiscation, which is an open violation of private property and, contrary to many international treaties.

Tony Blair told American businessmen last week that a tax like this would not be repeated. Margaret Beckett has said that the tax was 'retrospective', by which she appeared to mean that it was in the past and would not recur. Like Mr Brown, they know that the tax is wrong.

The windfall tax warns all companies, including potential foreign investors, that Britain's tax regime is unstable and potentially discriminatory. When governments get into the habit of occasional, arbitrary and confiscatory so-called "taxes", a sensible chief executive has to devote a great deal of time to lobbying and politicking. Companies will inevitably become more political and more short-term in their planning.

The windfall tax had at least one merit, that a clear warning had been given beforehand. The same cannot be said of Mr Brown's second mistake, the ending of advance corporation tax (ACT) credits for pension funds. The speculation of the past few weeks does not amount to the extended period of consultation that a radical change of this kind justified. A Green Paper was in order, not this precipitate upheaval.

There is a famous sentence of the great economist, David Ricardo, about inflation:

"Experience shows that neither a State nor a Bank ever has the unrestricted power of issuing paper money, without abusing that power in all States, therefore, the issue of paper money ought to be under some check and control." Experience equally shows that governments which cannot be turned out always abuse their powers. Democracy is not merely an ornament to government, like a Corinthian portico slumped in front of an office block. It is the only effective control on the abuse of power that has ever been found.

Even medieval popes, some of whom were holy men, plundered Rome to enrich their nephews: they could not be removed by their subjects. The power to "throw the rascals out" keeps governments under some control. The people of Hong Kong cannot throw out the new Government of Hong Kong, even at the local level: the people of Europe cannot throw out the court, the Commission or even the Council of Ministers. We should wholly distrust those who demonstrate hostility to democracy both in Hong Kong and in Europe.

The Budget speech contained a certain amount of rhetoric about the vices of dividends and the virtues of profit retention and investment. Such rhetoric serves as an important reminder that socialists are happy for companies to make long-term investments, as long as the shareholders never receive a proper return. If new Labour continues to move in this direction, individuals will have to think hard about whether they should save via pension funds or instead move to more reliable tax jurisdictions.

The third area of uncertainty is the Budget arithmetic. Mr Brown insisted that for the first two years expenditure would be within the totals inherited from the Tories. But he announced a large number of spending initiatives, to be financed from a new (and mischievously labelled) "windfall fund". Either these initiatives are additional to the previous Government's spending or they are not. If they are not, they must have been offset by spending cuts elsewhere. But Mr Brown was silent about these. The danger is that he will use the money from the windfall tax, which lasts only two years, to finance new expenditure which will continue indefinitely.

A careful reading of the Budget documents shows that the main reason for the dramatic fall in public borrowing to only £5 billion next year is not Mr Brown's tax increases, but the buoyancy of the economy and the consequent cyclical strength of tax revenues. The deficit will not be a serious problem for the next two or three years. But Mr Brown is lucky to take responsibility for the nation's finances at such a fortunate time.

Mr Brown proclaims the long-termism of his intentions. Unhappily, the main measures in his Budget are short-termist. The windfall tax is not a permanent source of revenue. Other taxes are — or appear to be — permanent, but their effect will be to reduce, not lengthen, the planning horizon of companies and institutions. The damage is greatest for the pension funds, on whose successful management the long-term living standards of so many people depend.

BROWN IN

TRANSITION IN



## BROWN IN BUSINESS

### A commonsense budget that deserves support

British politics used to contain one party that wanted to cut tax on principle and another that wanted to raise tax on principle. Now we have a Government that seems to have no ideological preconceptions and tries to make tax changes that are appropriate to the needs of the economy. In his first Budget yesterday, Gordon Brown put himself forward not so much as the Iron Chancellor but as the Commonsense Chancellor.

As we have argued before, the economy is buoyant but not out of control. It was sensible to tighten fiscal policy a little, by abolishing dividend credits to pension funds, without taking large sums of money directly out of voters' pockets. It was sensible, too, in today's property market, to cut mortgage interest tax relief and to raise stamp duty. Mr Brown could have abolished mortgage relief altogether, but this was not the Budget of a man in a hurry. The Chancellor has left himself the option of cutting MIRAS further in future Budgets.

On Saturday, we suggested that he redirect some of the money he has taken out of dividend credits back to companies. This Mr Brown has done, by cutting corporation tax rates by two percentage points and doubling capital allowances this year for small and medium-sized companies. We also suggested that he mitigate the effect of the change for charities. He has done that and more: PEP-holders and non-taxpayers will also be exempt for the next two years.

The Chancellor made much of his support for small business. Such a claim, from the mouth of a Labour politician, was met with general disbelief before the general election. Since May 1, Labour has gone a long way towards proving its sincerity. From Tony Blair's proselytising for flexible labour markets to Mr Brown's corporation tax cuts, there is now a welcome emphasis on the importance of enterprise to the success of Britain's economy.

The core of the Budget, the welfare-to-work measures, should help to increase the economy's sustainable growth rate. This is a

good time in the economic cycle to address the problem of low skills and long-term unemployment. As shortages of labour are beginning to appear, companies may be prepared to recruit from among the more intractably unemployed if they are given the incentive to do so.

Those on the unemployment register are not the only welfare recipients in need of help. The "hidden" unemployed — lone parents and the sick or disabled — are also without work and between them cost the taxpayer £35 billion a year, a third of the whole social security budget. Many of these would like to work if they could. The £200 million that the Chancellor plans to spend on childcare and the allowances against childcare costs that he is offering could pay for themselves eventually if these parents rejoin the labour force. The Chancellor's claim that childcare is "an integral part of our economic policy" will gladden the hearts of parents who have been arguing this for decades.

The overall shape of this Budget owes as much to the Prime Minister as to his Chancellor. Middle-class voters who supported Labour with some trepidation in May have not had their trust betrayed. Labour's friends and supporters in the film industry have been handsomely rewarded — rather more handsomely than was necessary. The Budget failed to hit tax relief on pension contributions, the married man's allowance, profit-related pay, inheritance tax or company cars. William Hague tried to portray it as shamefully tax-raising; his speech must have been pre-prepared.

The package was not as green as it might have been — Mr Brown's boast of gas prices falling was at odds with Mr Blair's attempt to cut carbon dioxide emissions. And it may not be as tight as the markets wanted. But the Chancellor has done what the country hoped for. He has found more money for health and education, addressed the problem of the underclass, and set out on a prudent fiscal path. This Budget should be popular. It deserves to be.

## TRANSITION IN TIRANA

### Berisha's departure will not end the crisis in Albania

Albanians await the second round of their parliamentary elections on Sunday in a state of high anxiety. The ultimate result is not in question. The strength of the Socialist Party performance in the first ballot should be enough to ensure that it has a commanding final majority. President Berisha has already conceded that point on behalf of his Democratic Party. The slow count appears to confirm his assessment. Certain officials clearly need no further evidence. The Interior Minister and his deputy have already left the country. Mr Berisha and his present Prime Minister, Bashkim Fino, spent much of yesterday in dispute over who should replace them.

The elections have been conducted in a seriously unsatisfactory manner. They were conceded by Mr Berisha in an attempt to end the unrest that swept the country this spring after the collapse of various pyramid schemes. As many as two-thirds of Albanians had made these ill-advised investments. The country appeared on the brink of civil war. The prospect of a fresh contest and the formation of a provisional multiparty administration proved enough to stem but not to stop the violence. Much of southern Albania, however, remained under the control of heavily armed insurgents whose self-appointed "salvation committees" usurped Mr Berisha's authority.

It is hardly surprising that the elections which followed were flawed. It is a minor miracle that they were conducted in any form at all. Voter registration was inconsistent, almost arbitrary. Electoral law and even polling hours were uncertain as late as last weekend. Organised obstruction, intimidation, and periodic murders associated with both main parties continued as voters attempted to exercise their franchise.

Southern Albania largely remained a law unto itself throughout the campaign. International supervision of the whole process, led by officials of the Organisation for Security and Co-operation in Europe and backed by an Italian-dominated peacekeeping force, was patchy.

Despite these failings there is little reason to suspect that the election was stolen from the Democratic Party. The high level of abuse could not by itself have produced the Socialist triumph. Nor, despite his protestations, does it seem probable that King Leka was robbed of the restoration of his throne in the referendum that accompanied the parliamentary contest. Mr Berisha's future has been at the centre of speculation. He was under no obligation to quit power. Nor has his tenure been without virtue. In current circumstances, however, while his departure could not ensure order, his continuation in office would reignite anarchy. He rightly acknowledged yesterday that he would not remain for much longer.

Albania's problems will not end with Mr Berisha's ousting. The Socialist leader, Fatos Nano, won popular support with an utterly implausible promise that all savings lost in the pyramid schemes would be refunded. That sum is at least half of Albania's GDP and no reliable record of individual losses exists. The economic programme of the incoming regime, many of whom were enthusiastic followers of the former Communist dictator, Enver Hoxha, is no more credible.

Northern Albania, which backed the Democratic Party, will need considerable reassurance about its future. The international community may have hoped that these elections would end the need for outside involvement in Europe's poorest nation. That ambition is unlikely to be realised.

## UNHOLY ROW

### Let the Lindisfarne Gospels make regular pilgrimage

Yesterday the British Library rehearsed the official reasons for its refusal to return to its original British home one of the oldest surviving manuscripts of the Bible into English. The Lindisfarne Gospels of the gospels, the library insists, is a national not a regional treasure, at its London home it will be seen in context beside Magna Carta and other historic documents; scholars come from all over the world to Bloomsbury, not to Lindisfarne. So do six million visitors a year; when the gospels went on loan to Newcastle last year, they attracted only 75,000 visitors. To return them would require an Act of Parliament and set a dangerous precedent. And where would that end?

Nobody disputes the importance of the gospels. They are the finest flower of that brief efflorescence of the primitive native churches in a dangerous world where law and order had broken down. They introduced the civilising love of learning and reverence for books. Their illustrations fused Irish, classical and Byzantine styles into the earliest native art form. And when Aldred, the Provost of Lindisfarne, wrote his gloss in Old English between their Latin lines, he was starting the democratic ideal of a version of the Bible that ploughboys as well as scholars could read. *Wycliffe*, *Tyndale*, the *Authorised Version* and subsequent

vernacular translations carried on the revolutionary ideal born at Lindisfarne.

These foundation documents of English Christianity were evacuated from Holy Island to escape the Norsemen. Henry VIII's commissioners seized them from Durham Cathedral. They are now judged too fragile to be returned to Lindisfarne, which is accessible only by boat and causeway at low tide. The Lindisfarne Gospels need not, however, stay permanently in London.

The Gospels have already returned to the North twice on loan. They need not now become the cause of a heritage tug-of-war between North and South. The British Library should be generous in letting the gospels go to Durham on loan, perhaps on a regular pilgrimage of grace. Seen in their places of origin, such historic documents increase their luminous aura and attract new admirers who may never go to Bloomsbury, or who may miss them among the other riches there.

Fortunately, modern computer technology also makes it possible for viewers to turn the pages in virtual manuscript reading. And modern digital arts can now make the holy images widely available everywhere — a democratic modern ideal with which those who first translated the Bible into English would happily agree.

## LETTERS TO THE EDITOR

1 Pennington Street, London E1 9KN Telephone 0171-782 5000

### Public order justification for ban on Orange marches

From Professor Mike Brogden

Sir, The Secretary of State for Northern Ireland, Dr Mo Mowlam, and the Chief Constable of the Royal Ulster Constabulary are faced with an immediate critical decision with regard to the proposed Orange Order march in Portadown on Sunday. I urge them, solely on public order grounds, that this march must not be permitted to take place against the wishes of the residents of the Garvagh Road.

Two senior civil servants have advised me separately over recent weeks that they are pleased that the new Labour Ministers of the Northern Ireland Office "have not brought any political baggage with them". I interpret this to mean that Labour MPs familiar with, for example, provocative National Front marches through predominantly black areas of Britain, should not equate them with sectarian marches in Northern Ireland. The latter are to be regarded not as political matters but as cultural manifestations. As one not involved in the politics of Northern Ireland, I find difficulty in distinguishing the two.

Dr Mowlam appears to be weight-

ing up pragmatically which is the lesser of two evils — a repeat of last year's Loyalist street blockades if the march is prevented or Nationalist protests if it is allowed to continue. There is some evidence that she is willing to countenance the latter as more readily containable.

It seems critical to me that she does bring "political baggage" to her decision-making process. Orange marches through the streets of oppressed communities are intended to drive home exactly the same point as the National Front marches of the 1980s: that northern Catholics like black people in Britain, are intruders into the "normal" society, and should pack their bags and return to some spurious homeland.

Such provocation, despite any dissemblings, constitutes a major threat to public order and to the rights of Northern Ireland citizens. There is no common law right to parade that appellations through the residential areas of a different community. The "political baggage" portrayed by those civil servants actually constitutes respect for universal standards of human rights, rights not circum-

scribed by particular local practices of domination and subordination.

The cultural tradition of the sash and the drum when utilised in this deliberately provocative fashion, has some evidence that it is willing to countenance the latter as more readily containable.

I urge the Secretary of State to apply the same kind of non-political criteria that Chief Constables used to prevent racist marches disturbing the peace in the inner cities of Britain. Her object should not be the short-term minimisation of harm — a practice which has bedevilled the last 28 years of Northern Irish history — but the long-term concern with the law and order rights of the vast majority of the community.

Pragmatic decision-making in Northern Ireland, as evidenced by the last Drumcree march, has sown the present political impasse and made hostilities of us all.

Yours sincerely,  
MIKE BROGDEN,  
The Queen's University of Belfast,  
Institute of Criminology  
and Criminal Justice,  
3 Lennoxvale, Belfast.  
July 1.

### Time for debate on cannabis law

From Mr Nigel Williamson

Sir, Thirty years ago today *The Times* published a brave and significant leader under the headline "Who breaks a butterfly on a wheel?" It argued that the three-month jail sentence meted out to Mick Jagger for possession of cannabis was unfairly excessive.

That leader led to a full-page advertisement in *The Times* some three weeks later headed: "The law against marijuana is immoral in principle and unworkable in practice". Signatories included MPs and doctors, the Beatles, David Hockney and Kenneth Tynan. Three decades later the law remains unchanged.

It is true that in many areas of Britain possession of cannabis has effectively been decriminalised as it has become standard police practice to issue a caution rather than to prosecute. Yet this position remains highly unsatisfactory and inconsistent. It is surely time for the Government to examine a change in the law.

While in Opposition, Clare Short was slapped down by Tony Blair (report, October 30, 1995) when she suggested that existing policy should at least be opened up to informed debate. If his reaction was understandable before a general election, there is no such excuse today. In particular no one can deny Ms Short's point that whatever hard-line policies may have achieved, they have failed to stop the growth of the use of recreational drugs.

In the view of many of us the case for the decriminalisation of marijuana was overwhelming in 1967 and remains so today. Yet we accept that there is still the need to win a public debate on the issue — a debate that over all of those intervening 30 years has never been allowed to take place in a level-headed and objective climate. The sensible course would surely be for the Government to set up a royal commission, an approach that already has support from several senior voices in the police force.

Yours etc,  
NIGEL WILLIAMSON,  
High Beeches, Sutherland Avenue,  
Westerham, Kent.  
nigelwilliamson@compuserve.com  
July 1.

### Improvements needed in aid policy

From Mr D. J. Shaw

Sir, Many scientists agree with Mr Blair and your editorial of June 21, "Down to Earth", that it is wise to reduce emissions of greenhouse gases (Letters, June 25, 28, July 1). Mankind is changing an important climate parameter — the concentrations of these gases — at a rate that is rapid compared to human existence, and it behoves us to be careful.

However, the stated plans are unlikely to meet the goal of a 20 per cent reduction by 2010. In a free market it is necessary to make fossil fuels more expensive and the alternatives cheaper.

We therefore need a carbon tax of as much as £30 per ton of coal: this, if rebated by other tax reductions, can be a stimulus to the economy.

Alternatives need not be expensive twenty years ago nuclear power was competitive with coal in many countries.

Unfortunately, public concern has led to opposition and to variable and draconian regulation, which in the US has more than doubled the real cost in twenty years. Thus, an important endeavour, strangely overlooked by both Mr Blair and your leader, is a return to nuclear power. A small part of the carbon tax could be spent on understanding and addressing the public concern, so that nuclear power should be strategic elements in any development and aid programme.

It is pleasing to note that the conditions that have been applied to British as well as other aid in the past, often with disastrous effects, are to be reviewed. More emphasis must be put on a contractual approach under which the aid giver undertakes to provide the right type of aid, consistently, and for a sufficient period of time. And whatever aid is granted, it should always include provision for increasing the capacities of the poor to take care of themselves.

From my experience of over 30 years in United Nations aid policies and programmes I have identified five interrelated principles for the sustainable alleviation of poverty:

Governments in developing countries should give priority and full commitment to eradicating poverty as a central objective of their national development plans and programmes.

The poor themselves, female and male, should be intimately involved in the process of removing poverty.

Developing countries should be assisted in implementing their anti-poverty programmes with adequate and well-directed international assistance.

Co-ordinated action should be strengthened at the country level among government departments and aid programmes: no single government programme or aid organisation has all the resources, expertise and experience needed.

Finally, monitoring and evaluation systems should be put in place to track and assess the impact of the measures implemented.

### Bridge clubs

From Mr Chris Dixon

Sir, Your report on the "dirty tricks" row at the Law Society (June 23) asserts that Martin Mears, the society's former president, had alienated a large number of solicitors with provocative statements.

It should be pointed out that Mr Mears also endeared himself to a large number of solicitors with many of those self-same statements which contrasted sharply with the mealy-mouthed approach adopted for years by members of the Law Society council.

Mr Mears administered a well deserved kick to the Law Society which, for the first time in years, gave many of us, particularly in high street firms, a glimmer of hope that the Law Society would start to be responsive to the needs of its members.

Whether Mr Mears is successful or not in this year's elections he has established himself as a hero for many of us at the sharp end of the profession.

Yours faithfully,  
COLIN ASHLEY,  
A. H. Sundifield & Co (solicitors),  
22 Drake Street,  
Rochdale, Lancashire.

in a competitive activity with a social atmosphere.

Yours sincerely,  
C. P. DIXON  
(Proprietor, Acol Bridge Club,  
West Hampstead, NW6, 1974-86).  
Woodborough Farm House,  
Woodborough,  
Peasedown St John, Bath.  
July 1.

From Mr Denis E. O'Sullivan

Sir, Novice bridge players may be interested to know that many bridge teachers, such as myself, also run the novice duplicate clubs described by Susanna Gross. These usually fill the gap between the bridge classroom and a full English Bridge Union club, and new players can find their feet there.

The atmosphere at these clubs is friendly and encouraging (no bidding boxes, smoking, gambling or bad tempers). Bridge is fun: it should be enjoyed, not suffered.

Yours sincerely,  
DENIS E. OSULLIVAN.

c/o The English Bridge Union,  
Broadheath, Birstall Road,  
Aylesbury, Buckinghamshire.  
July 2.

### Sign-off of the times?

From Mr Adrian Dodd-Noble

Sir, For more than 60 years I have considered myself as your obedient servant and shall, I hope, continue to remain yours faithfully.

Now there is e-mail I shall be on the lookout for "bye-bye for now" or similar valiatory tags.

Believe me, Sir,  
ADRIAN DODD-NOBLE,  
Rectory Cottage, Allendale,  
Hexham, Northumberland.  
July 2.

### Weather wisdom

From Mr David Hornsby

Sir, Although its mysteries have now been revealed, many will continue to fantasise over the shipping forecast fletters, June 21 and 26. My late father always maintained that General Synopsis was a senior officer in the Greek Army, whom I still picture as a rather smirky figure, brandishing his Smith's Knoll automatic.

Yours faithfully,  
DAVID HORNSBY,  
216 Sheen Road, Richmond, Surrey.  
July 1.

### And no kissing

From the Chairman of the Over-Fifties' Association

Sir, Where do these "Days" and "Years" come from? Who originates them?

I am, of course, referring not only to "No Smoking Day", "No Driving Day", etc, but, also, to today's "Day" (July 1), "Kissing Day", which really takes the biscuit. No one has kissed me today. Why not?

My earnest attempts to make Kissing Day a success have been rebuffed with comments along the lines of "Where's your dirty raincoat, Grandad?" and "Ooh sailor, aren't you the brave one?"

I have observed all other "Days" — witness my letter of June 30, 1992, which you published and which supported "



## OBITUARIES

Robert Mitchum, film actor, died in Los Angeles on July 1, aged 79. He was born in Bridgeport, Connecticut, on August 6, 1917.

As he showed when he took on the role Dick Powell had created in the 1944 version of *Farewell, My Lovely* for the 1975 remake, Robert Mitchum was one of the great Hollywood stars of the post-war era. Though at 58 he was a good deal too old for the role of Raymond Chandler's world-weary detective, Philip Marlowe, Mitchum's amused cynicism suited the part to perfection. His was the definitive Philip Marlowe in a film which recreated the atmosphere of 1940s Los Angeles with total conviction.

The extraordinary thing about Mitchum was that his achievements were consistently undervalued. The fault was partly his, for he made acting look so effortless and natural that it was easy to conclude that he was not acting at all.

It was a myth he helped to encourage, affecting to hold a low opinion of his craft and once declaring that he had "only two acting styles — with and without a horse". His hundred or so films included a high proportion of dress but he could lift the most feeble material and almost never gave a routine performance. And given a sympathetic director and cameraman and a strong script, he could produce performances of unforgettable power of which his murderous preacher in Charles Laughton's *The Night of the Hunter* (1955) was probably the finest. It is quite inexplicable that he never won an Oscar.

A gift for impressionists, Mitchum was a big man with sleepy eyes, a laconic voice and drooping shoulders whose world-weary cynicism was often laced with dry humour. He could be menacing or charming and was sometimes both at once.

Before the cameras he was the complete professional, always word-perfect and generous to his fellow actors. Off screen he gained the reputation, not entirely undeserved, of being a difficult and volatile character who was fond of a drink, and merciless towards anyone he decided was an idiot.

Over the years he was manna to the gossip columnists. In 1948 he was convicted of smoking marijuanna and served 60 days in prison. At the Cannes Film Festival in 1954 he was photographed on the beach with a bare-breasted actress, though the girl had contrived the incident to get herself publicity.

In 1955 Mitchum sued *Confidential* magazine over a story that he had stripped off at a masquerade party, doused himself in ketchup and announced that he was a hamburger. Not unnaturally, he developed a strong suspicion of the media and his interviews were usually terse and unrevealing.

Robert Charles Mitchum was only 18 months old when his father was killed in a railway accident. He had an unsettled childhood; as the family moved from town to town, trying to scrape a living.

A rebellious youth, he often ran away from home and school, and was frequently in trouble with the police. At 16 he was arrested for vagrancy and sentenced to a week in jail, which he actually spent in a Georgia chain-gang. As a teenager he travelled America, sleeping rough and taking any sort of job that came along. Among them were longshoreman, truck loader, dishwasher and heavyweight boxer.

Eventually, at the prompting of his sister, he joined a theatre company in Long Beach, California, where he not only acted but showed creative ability by writing plays and directing them.

He married his childhood sweet-

## ROBERT MITCHUM



In familiar haunts: Philip Marlowe (Robert Mitchum) seeks vital information from an LA bar keeper

heart Dorothy Spence and was

working in the Lockheed aircraft

factory when, in 1943, he decided to

try his luck in Hollywood. He was

taken on and made his film debut in a *Hopalong Cassidy* western.

Over the next two years he ap-

peared in more than twenty films,

usually as a villain who gets his

comeuppance, and showed enough

promise for RKO to offer him a

long-term contract.

The studio's speciality was the

low budget "black" thriller, the film

noir for which Mitchum's intense

and moody presence made him an

ideal leading man. Although little

regarded at the time, films like *The*

*Locket*, with its maze of flashbacks,

and *Out of the Past*, in which

Mitchum played a private eye

ensnared by a no-good woman, are

now regarded as classics of the

genre. But the first film to gain him

wide recognition was made outside

RKO, William Wellman's study of

ordinary men at war, *The Story of G*

*Joe* (1945). Mitchum's portrayal

of the battle-scarred infantry officer

Lieutenant Walker gained him his

only Oscar nomination.

In a different vein he was equally

effective as the avenging cowboy of

Raoul Walsh's psychological western

*Pursued* (1947), and in Nicholas Ray's rodeo drama, *The Lusty*

*Men* (1952). By the early 1950s he

could leave RKO and go freelance.

He celebrated by co-starring with

Marilyn Monroe in *River of No*

*Return* (1954).

Two contrasting films of the

1950s confirmed Mitchum's quality and range. His psychopathic priest in *The Night of the Hunter* remains one of the most formidable studies of evil that has ever appeared on the screen. In *Heaven Knows, Mr Allison* (1957) he played a tough Marine marooned on a Pacific island with Deborah Kerr's nun, and saved a potentially mawkish picture with his unsentimental acting.

He appeared with Kerr again in Fred Zinnemann's *The Sundowners* (1960), a story of sheepdrovers in Australia, and *The Grass Is Greener* (1960), an untypical venture into drawing-room comedy. In *Cape Fear* (1962) he gave another chilling study of evil, as an ex-convict terrorising the family of the lawyer who sent him to jail. The highlight of his work during the 1960s was the drunken sheriff in the Howard Hawks western *El Dorado* (1967). It was a performance Mitchum could easily have spoilt by overacting, but his playing was a model of subtlety and restraint.

His scenes with another veteran, John Wayne, were deliciously effective. Despite unlikely casting as the hesitant Irish schoolteacher in David Lean's *Ryan's Daughter* (1970), Mitchum came near to stealing the film as he gave yet another demonstration of his ability to dominate the screen with the minimum effort.

Although professing to be in semi-retirement, Mitchum remained active throughout the 1970s and continued to turn in excellent performances. The picks were his ageing gangster in *The Friends of Eddie Coyle* (1973) and, of course, Philip Marlowe in *Farewell, My Lovely*. He returned to *Cape Fear* in the Martin Scorsese remake of 1991, but this time on the side of the terrorised lawyer, in a cameo role as one of his advisers.

Although he never won an Oscar, Mitchum was honoured by the film industry with a Special Lifetime Achievement Award at the 1992 Golden Globes ceremony. The standing ovation he received at the Beverly Hills Hilton testified to the affection with which he was held in the cinema world.

In the 1980s, with his large-screen career gradually winding down, Mitchum enjoyed a second wind on American television, scoring considerable popular success in several well-crafted series. These included the impressive *The Winds of War* (1983), a saga of the events leading up to the Second World War in which he played a US Navy officer; *North and South* (1985), an American Civil War costume drama, somewhat unkindly described by one critic as "Dynasty in fancy dress"; and *War and Remembrance* (1988), in which he returned to his senior naval officer role, adding an impressive dimension of war-weariness to a character who also radiated an unfamiliar kindness. All three series enjoyed great success on this side of the Atlantic as well as in America.

Hard drinking and heavy smoking took their toll of Mitchum's health and in the last ten years of his life he suffered from emphysema and liver damage. When admonished by doctors and concerned friends about his consumption of cigarettes, rum and gin, he responded with a characteristic verbal shrug of the shoulders: "Well, you gotta die of something." It was entirely of a piece with his persons on and off the screen.

Robert Mitchum was married in 1940 to Dorothy Spence and they enjoyed one of Hollywood's more durable partnerships, in spite of brief separations in 1948 and 1953. They had three children: two sons James and Christopher, who both followed him into films though with only moderate success, and a daughter, Petrine.

## PROFESSOR PETER HEATH

Peter Heath, FRS,  
Professor of  
Horticulture, died on  
June 16 aged 93. He was  
born on July 26, 1903.

ALWAYS known as Peter, Sir Victor Sayer Heath was the son of Professor Sir Frank Heath, administrator at Imperial College and Professor of English. Like his father and in due course his own son — all three of them professors — Peter was regarded as a late developer. Similar genetic problems in the fourth generation have been diagnosed as dyslexia but the family history suggests they can be overcome.

After learning to read by the Dale method at the age of seven, Peter attended schools in Wimbledon and Hampstead. Not being a strong child, he was subsequently educated by private tutors, who somewhat neglected mathematics and the sciences.



hours devising and constructing mechanical and electrical gadgets with his lifelong friend Eric Whitcher, who was to become an electrical engineer. These contraptions usu-

ally began with the instruction "take one syrup tin..." In 1921 he was admitted to Imperial College, where his potential was soon recognised. He was, he wrote, "deeply shocked" in the physics laboratory to find that many of the students started with the correct result, added or subtracted about 5 per cent and worked back to produce fictitious data.

For his 21st birthday, Heath was given a microscope by his parents, and shortly afterwards he got his first and won the Forbes Memorial Prize and Medal as the student "most proficient in biology".

After working for Professor J. B. Farmer and at Imperial College's Research Institute of Plant Physiology at Rothamsted, he won a research scholarship from the Empire Cotton Corporation, which sent him to Trinidad to study tropical agriculture and

medicine, economics, crop botany and soil science.

In 1927 he took the post of plant physiologist at Barberston, South Africa, but stipulated that he would not be confined to purely empirical work but would also be allowed to try to find out how plants work. From a corrugated iron shed, he and a colleague worked on culture experiments with cotton. The colleague had what Heath called "a very rectangular mind", and the layouts were rigorously systematic. Finally, Heath persuaded him that they must introduce an element of randomness, and the colleague accordingly numbered a set of wooden buns, shook them and removed them one by one. When he opened his eyes he read "1, 2, 3, 4, 5, 6". Heath began to teach himself probability and statistics.

He left from his nine

years in South Africa, in 1930, he met and married Sarah Bumstead, known as Sally, with whom he was to spend the next 54 years.

Over the next few years he felt his scientific isolation at Barberston more and more acutely, and in 1936 he moved back to England and Imperial College, to continue the work of R. G. Newton on the relations between stomatal movement and photosynthesis. In 1942 he was awarded a doctorate *summa cum laude*, and in 1948 he was elected to the council of the Society for Experimental Biology.

From Imperial College he was appointed to the Chair of Horticulture at Reading in 1957, and three years later he was elected a Fellow of the Royal Society. Retiring in 1969, he published *The Physiological Aspects of Photosynthesis*, followed by *Investigation by Experiment* (1970), which has been translated into several languages, and *Stomata* (1973).

In retirement he continued writing, walking and enjoying international folk dancing, as well as looking after his wife in her illness. She died in 1984. He is survived by two sons and a daughter.

Three years later the couple

## PRUE NAPIER

Prudence Napier,  
primatologist, died on  
June 6 aged 81.  
She was born on  
March 15, 1916.

PRUE NAPIER was one of Britain's most eminent primatologists, and the world's leading expert on the taxonomy and classification of primates. She was the widow of the founder of the field, Professor John Russell Napier.

Prudence Napier was born in Liverpool, the daughter of the MP for Liverpool North. She went to school at Roedean, but showed no particular academic aptitude. However, she excelled at sports, and went on to play lacrosse for England in 1932. She was also an avid climber and skier, in the days before "downhill only".

In 1936, she met John Napier, a charming, penniless medical student with a special interest in the anatomy of the hand. He was convinced that human functional anatomy could not be properly understood without a knowledge of our closest animal relatives, the non-human primates (lemurs, monkeys and apes). He founded the first centre devoted to the study of these primates, the Unit of Primatology at the Royal Free Hospital School of Medicine. There are now many such centres, worldwide, most using the term "Primatology", which he originated.

Shortly after the war, Prue Napier had two children, but as they grew up she joined her husband as secretary and laboratory assistant (her children will remember returning home to find the house smelling of boiling monkey bones). Soon, however, she had become a researcher in her own right. The combination of her knowledge and love of fine writing — she doted on Henry James — and John's analytical skills resulted in a *Handbook of the Living Primates* (1967), which was the first book of its kind and is still regarded as authoritative.

In retirement she continued writing, walking and enjoying international folk dancing, as well as looking after his wife in her illness. She died in 1984. He is survived by two sons and a daughter.

Prue Napier was an MP for 29 years and soon followed this with the primate primer *Monkeys and Apes* (1970) and two more advanced works, *Chimpanzees* (1974) and *Loris and Lemurs and Bushbabies* (1971).

As a result of her research, she became increasingly interested in comparative anatomy and taxonomy. Returning to Britain from the Smithsonian Institution in Washington, where John had set up the Department of Primatology, she began work in the Natural History Museum on a catalogue of its primates. She produced three volumes: *Families Callitrichidae and Cebidae* (1976), *Family Cercopithecidae* (1981) and *Subfamily Cercopithecidae* (1985). The series came to incorporate specimens from other British collections, and the catalogues

became increasingly detailed and revisionary, incorporating cautious but insightful changes and commentaries. From being an amateur, Prue Napier had become an expert consulted by zoologists the world over.

The couple moved to the Isle of Mull in 1982, and published their last book in 1985. *The Natural History of the Primates* is still considered the ideal textbook for university courses, and remains unequalled in its successful combination of simplicity with rigorous analysis.

John and Prue Napier acted as informal consultants to many zoos, especially Twycross Zoo in Leicestershire, with its top-rank collection of primates. For some years John was president of Twycross, and after his death in 1987 Prue succeeded him, as well as continuing to update their works.

She is survived by their two sons.

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## THE TIMES TODAY

THURSDAY JULY 3 1997

## NEWS

**Brown serves up windfall cash**

■ Gordon Brown produced an unexpected £3 billion boost for schools and hospitals in a radical tax-raising Budget that included a five-year stability plan to end the years of boom-and-bust. He hit big business, with a £5 billion windfall tax on 30 companies, and pension funds and future pensioners with the scrapping of tax relief on dividend income. Pages 1, 9-20

Speech in full, pages 16-17

**Pension values could fall**

■ Millions of people who belong to pension schemes could see the value of their pensions fall as a result of the abolition of tax credits paid to pension funds. The move will produce an extra £5 billion. Page 1

**City expects interest rate rise**

■ The City is braced for an immediate rise in interest rates after concluding that the Chancellor's tax-raising Budget measures would not slow the booming economy. Page 1

**More cash for education and NHS**

■ Education was the surprise winner, securing an extra £2.3 billion for schools at a time when other public services have been denied their annual spending negotiations. And the NHS was given an unexpected present of £1.2 billion. Page 9

**Private health care tax shock**

■ Abolishing tax relief on private medical insurance for the over-60s might not save the Treasury any money, insurers said, because the cost would be put on the NHS. The cost of the tax relief was £140 million a year. Page 10

**Welfare to work package**

■ Young people will lose at least 60 per cent of their benefit if they fail to take a job or training place under the £3.5 billion Welfare to Work package. Page 11

**Mortgage tax sigh of relief**

The Chancellor's decision to limit any further inroads into mortgage tax relief, by which the Government subsidises house purchases, was greeted with frank relief by the housebuilding industry. Page 13

**Teachers warned**

A failing school has warned half its staff they will be sacked at Christmas unless they meet improvement targets. Page 2

**London gospel**

The British Library rejected a call for the Lindisfarne Gospels to be repatriated to the north-east monastic in which they were created in the seventh century. Page 2

**Henman triumph**

Wimbledon rarely witnesses crowd scenes such as those that greeted Tim Henman after a victory he described as his best ever. Page 3

**Terrorists jailed**

Six terrorists were each jailed for 35 years at the Old Bailey yesterday for plotting to blow up London's electricity. Page 4

**Bird's eye view**

An eagle owl has landed at St Paul's Cathedral — attracted by the plentiful supply of pigeons and the crevices of Sir Christopher Wren's masterpiece. Page 7

**EU beef action**

Britain is facing the threat of legal action for violating the worldwide ban on the export of beef imposed by the EU 15 months ago. Page 8

**Mars mission**

NASA hopes its luck will change for the better tomorrow with an unprecedented space spectacular from America's latest mission to Mars. Page 21

**Chinese corruption**

Corruption is a vital part of doing big business in China, though no businessman will ever admit that he has oiled the wheels. Page 21



A policewoman with an anti-pollution mask meets an elegant visitor to the first day of the Henley Royal Regatta. Pages 53, 54

**BUSINESS**

Lloyd's of London choose Max Taylor as the new chairman of the insurance market. Mr Taylor is director of Willis Corroon, the insurance brokers. Page 30

Healthcare: Generale des Eaux, the French group, has sold its healthcare operations in what has become the largest management buyout of the decade. Page 34

Directors' pay: National Power fuelled a fresh storm over executive pay after it revealed that its chief executive was paid more than £100,000 to move house from Surrey to Berkshire. Page 29

Markets: The FTSE 100 rose 23.1 to 4751.4. Sterling was unchanged at 101.7 after falling from \$1.6580 to \$1.6510 and rising from DM2.8846 to DM2.8907. Page 32

**SPORT**

Tennis: Two sixteen-year-olds, Martina Hingis, the top seed and world No 1, and Anna Kournikova, the unseeded Russian, meet in the semi-finals of the women's singles at Wimbledon. Page 56

Cricket: England must resist a rising tide of Australian confidence going into the third Test if they are to carry their lead into the second half of the Ashes. Page 50

Rowing: Peter Haining, the triple world lightweight champion, came safely through his heat in the Diamond Sculls on the opening day of Henley Royal Regatta. Page 53

Rugby union: Keith Wood and Alan Tait, who have played in both the Lions' internationals against South Africa, have been ruled out of the final match. Page 53

**ENTERTAINMENT**

Classic romance: Best of the week's new films is *One Fine Day*, an old-fashioned comedy perfectly played by George Clooney and Michelle Pfeiffer as bemused single parents. Page 36

Family affair: The screen actress Gena Rowlands was given her best roles by her husband, director John Cassavetes. Now their son Nick has created a part for her. Page 39

Race course: In Cheltenham the composer Michael Bradbury is giving one of Britain's oldest music festivals some new fizz, with two dozen world premieres. Page 40

Turner's *Talullah*: One good actress, Kathleen Turner, gets inside the skin of another, Talullah Bankhead, in the play by Sandra Ryan Heyward. Page 41

**IN THE TIMES**

■ POP: **Meredith Brooks** is the latest Angry Young Woman: Alan Jackson talks to a new hitmaker

■ EDUCATION: John Rae on the crisis of headship: why some of the policy proposals won't work

Smoke alarm: Dr Thomas Stütteldorf asks whether cigarette smokers should switch to pipes and cigars; morphine and pain relief; thyroid screening. Page 22

Rich, richer: Since 1994, when Jennifer Aniston landed the role of Rachel in *Friends*, she has ridden a magic carpet of success. Jason Cowley talks to her. Page 23

Wild cast: Malcolm Bradbury on the life of Jack London; Lewis Wolpert on the chemicals that change nature; critics choose summer reading. Page 42, 43

Soon time: Hong Kong braces itself for an increase in visitors of 30 per cent in three years. Page 44

Bargains: A week in China from £51: a student's Europe air pass for less than £60 and a Japanese package for £668. Page 45

**TV AND RADIO**

Preview: Jonathan Dimbleby assesses Chris Patten's years in Hong Kong. *The Last Governor* (BBC1, 10.10pm). Review: Joe Joseph wonders whether Rolf Harris is turning into Colonel Sanders. Pages 54, 55

**OPINION****Brown in business**

Brown has found more money for health and education, addressed the problem of the underclass, and set out on a prudent fiscal path. This Budget should be popular. It deserves to be. Page 25

**Transition in Tirana**

The international community may have hoped that the elections in Albania would end the need for outside involvement in Europe's poorest nation. That ambition is unlikely to be realised. Page 25

**Unholy row**

The British Library should be generous in letting the Lindisfarne Gospels go to Durham on loan, perhaps on a regular pilgrimage of grace. Page 25

**CALENDAR****WILLIAM REES-MOGG**

Heath, Howe and Heseltine are on the side of the big battalions, both in Europe and in Asia. They are not on the side of democracy and independence. Page 24

**PETER RIDDELL**

Being Iron Chancellor is not enough, you have to show you care as well. Page 24

**TIM CONGDON**

Gordon Brown claims to have changed the incentives facing management, encouraging investment for the national interest. The truth is rather different. Page 24

**MATTHEW PARRIS**

This was the ultimate in deflationary Budgets. It deflated the Tories, punctured the Liberal Democrats and flattened critics. Page 12

**OPINION**

Robert Mitchum, actor; Peter Heath, Professor of Horticulture; Prue Napier, primatologist. Page 27

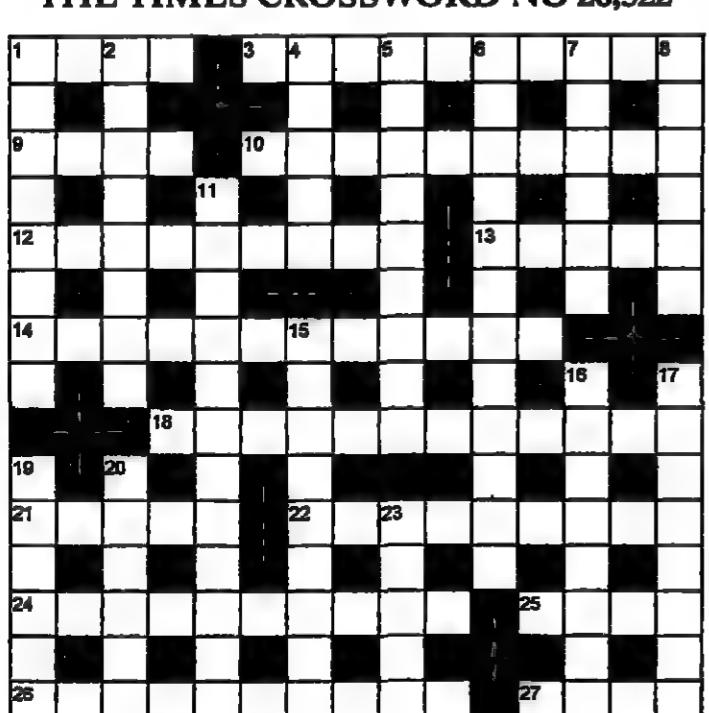
**THEATRE**

Orange Order marches; foreign aid; call for debate on cannabis laws; fossil fuel tax. Page 21

**ENTERTAINMENT**

6, 10, 18, 22, 41, 45. Bonus: 29. Estimated jackpot is £14.300,000. Liberation, Paris

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Labour millionaire to put utility fat cats on diet  
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## TRAVEL

Hong Kong to cash in on the big tourist boom  
PAGES 44, 45

## SPORT

Champion sculler makes a flying start at Henley  
PAGES 48-56

TELEVISION AND RADIO PAGES 54, 55

BUSINESS EDITOR Patience Wheatcroft

THURSDAY JULY 3 1997

# Brown Budget wrong-foots City with corporation tax cut

Lowest-ever rate softens dividend tax relief blow

By MARTIN WALLACE AND ALASTAIR MURRAY

GORDON BROWN yesterday wrong-footed the market by unexpectedly cutting corporation tax to its lowest ever level.

The Chancellor used the cut to sweeten the bitter pill of the removal of tax relief on dividends paid to pension funds.

The stock market, which closed before the Chancellor had finished his speech, initially gave a warm welcome to the cut in corporation tax with the FTSE 100 closing up 23.1 points at 4,751.4. But after a second look at the detail of the Budget, City analysts concluded that the corporate sector would actually lose out overall from the Budget.

Dealers predicted that the FTSE 100 index would open 30 to 50 points lower today as investors factored in the extra costs of the Budget and faced up to renewed fears of a rise in interest rates next week.

Douglas McWilliams of the Centre for Economic and Business Research, estimated that the cut in corporation tax would save companies about £1.6 billion a year but companies would lose around £4 billion in funds, because of the cut in dividend tax credits.

Most large companies were so pleased by the decision to cut corporation tax, the main tax levied on the corporate sector, by 2 percentage points to 31 per cent that they had difficulty putting together a measured response with any speed.

ICI, by some measures Britain's biggest business, described the Chancellor's package as "challenging". Sir Ronald Hampel, the chairman, said: "I am sure that the welcome cut in corporation tax will encourage investment. However, there are doubts about the impact of the abolition of tax credits on companies' investment plans."

While industry would concur with the Chancellor's concern about the strength of sterling, the measures proposed might not do enough to slow down the growth in consumer spending, he added.

"This is essential to achieve stability with lower interest rates and to take pressure off sterling."

The pound yesterday soared by over four pence to a post-ERM high of DM2.93 on interest rate rise expectations.

BG, formerly part of British Gas and a victim of the windfall tax, was more positive on the tax front. "As a substantial taxpayer we welcome any lessening of our tax burden and we also welcome measures to encourage investment," the company said.



Heading for a windfall tax: clockwise from top left — Richard Giordano of BG, Brendon Gough, Sir Deamond Pitcher, Ed Wallis, Robert Horton and Sir Iain Vallance of BT lead companies targeted for the Chancellor's one-off 23 per cent levy

## Power chief's £100,000 home removal package

By CHRISTINE BUCKLEY

ON THE day that Gordon Brown imposed a windfall tax on the utilities, National Power fuelled a fresh storm over executive pay when it revealed that its chief executive was paid more than £100,000 to move home.

Keith Henry, whose total remuneration last year jumped 40 per cent to £628,021, received a benefits package of £119,821. It is thought that more than £100,000 was to cover the cost of his move from Surrey to Berkshire. Mr Henry negotiated the payment when he joined National Power from Brown & Root two years ago.

Relocation payments are supposed to cover estate agents' fees, stamp duty, re-

move vans and other costs encountered in moving homes. Mr Henry's arrangement is one of the highest endorsed by a company. He also benefited from a £123,000 annual bonus last year and a £60,000 increase in basic salary, to £385,000.

A spokesman for the company, whose headquarters are in Swindon, said the package was a contractual arrangement and that it had given the fullest disclosure of details.

Last year National Power paid the biggest special dividend in UK corporate history, giving £1.3 billion to shareholders. It attracted criticism in 1994 when John Baker, its chairman, received pay and options worth £1.1 million

while the company was still 40 per cent owned by the Government.

David Jones, chief executive of National Grid, the electricity transmission network, enjoyed a 33 per cent pay increase to £332,000, including a £74,000 bonus.

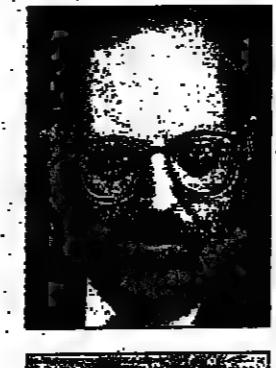
At United Utilities, formed out of the merger of North West Water and Norwest, directors enjoyed substantial pay rises last year to "take account of increased responsibilities". The salary of Sir Deamond Pitcher, chairman, increased £54,000, to £310,000, and he received a £76,000 bonus, while Brian Staples, chief executive, earned £300,000, up £65,000, along with a £142,000 bonus.

## The long and the short of it

Gordon Brown proclaimed his first Budget as a long-term exercise. In reality there were two Budgets in his bright new box: a long-term one that can only be judged later and a short-term one that is bound to dominate the immediate response of business and markets.

The centrepiece, as it turned out, was not the long-term windfall tax and Welfare to Work programme, important though that off-balance sheet programme may prove. It was a quick £5.4 billion a year raid on savers and investors, fancifully claimed to boost capital investment but actually to balance the books.

Far from being a Tory Budget, it was a genuine Labour grab. But not for the traditional reason. In essence, the City has been asked to cough up enough extra tax to impress the City with the Government's prudent financial management. The City, initially, was not impressed. Over the next 21 months, a net £10 billion is to be



extracted from the corporate sector and investors, in effect to cut the public sector borrowing requirement. We knew about this beforehand: The level of the windfall tax was widely trailed and only its incidence came as a surprise. The water companies eventually losing out on the clever formula chosen: Abolition of dividend tax relief for pension funds, charities and Peps was subject to more clumsy leaking. On the surface, the bits we did not know about in advance were more welcome cuts in corporation tax, a short-term incentive for medium-sized business to buy plant, money to be spent on school

buildings. Most of all, the deficit figures look good. This year's public sector borrowing requirement comes down to £11 billion, against the £19 billion projected in Kenneth Clarke's November Budget, and next year's to £4 billion instead of £12 billion. Admittedly, much of this is due to the economy being more buoyant than previously forecast.

The tax on savings acts in the opposite of the mooted black hole. The markets were upset because Mr Brown raised Mr Clarke's taxes on consumers by less than £2 billion.

Minor cuts in interest relief and a tiny but lucrative impost on sales of expensive houses are not going to slow the housing market. But Mr Brown did not have much tax relief to cut and a swinging tax on moving would really distort the market. If house price inflation is a problem, only higher interest rates work anyway. The gilt-edged market should benefit from second thoughts.

The long-term Budget has its heart in the right place. The key to healthy public finances, and hence to higher spending on desirable public services, is to attack the poverty that forever boosts welfare spending. Squeezing excluded groups into jobs makes a great start if it is self-sustaining.

The tax on savings acts in the

opposite of the mooted black hole. The markets were upset because Mr Brown raised Mr Clarke's taxes on consumers by less than £2 billion.

Minor cuts in interest relief and a

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The White Book: inflation set to reach 2.75% before returning to 2.5% in 1999

# Consumer spending expected to rise 4.5%

Chancellor Gordon Brown vowed to 'unlock the talent of all the people', while declaring himself ready to heed any warning signs of an overheating economy to avoid mistakes of the past

The following are extracts from the *Financial Statement and Budget Report*, July 1997, the aims of which will, says the Government, equip Britain for 'our long-term future'

#### OUTPUT AND DEMAND

**SINCE 1973, UK GDP has grown at only about two thirds of the rate achieved during the earlier post-war years. GDP growth over the past 25 years has also been slower in the UK than in any of its major competitors. Annual growth has averaged around 1.4 per cent in the UK since 1973, compared with an average of around 2.1 per cent for the major (G7) industrial economies. The level of GDP per head in the UK is below the OECD average and the level in all other G7 countries. Despite some relative improvement since 1992, reflecting a cyclical upswing from a deep trough, the UK has failed to narrow the gap with the OECD average since the 1970s.**

**As in all other industrial countries, the growth of productivity (output per worker) slowed sharply after 1973. Following growth of close to 3 per cent a year between 1960 and 1973, productivity growth has since averaged around 1.4 per cent a year — similar to the European Union and OECD averages. However, the level of output per worker in the UK has been lower than that in other G7 economies since the early 1970s. After widening during the second half of the 1980s and the 1970s, this productivity gap has remained broadly constant during the 1980s and 1990s.**

**Productivity performance has been mixed across the sectors of the economy over the 1980s and 1990s. In manufacturing and the privatised utilities, productivity has grown strongly, partly associated with substantial labour shedding. But in much of the service sector (where productivity is less well-measured) productivity growth has been comparatively low, both relative to manufacturing and to growth in the 1960s and early 1970s. This has contributed to comparatively fast growth of employment in the service sector.**

**The UK economy has also suffered from a high degree of instability. Over the past 25 years, the UK has experienced the largest boom and the two deepest and longest recessions in the postwar period. In the early 1980s recession, output fell by 5.1 per cent from peak to trough, while there was a peak-to-trough fall in output of 3.4 per cent in the early 1990s. Since 1973, fluctuations in GDP growth have been larger in the UK than in any other G7 economy apart from Canada. This has been associated with a relatively high degree of inflation volatility.**

#### DEVELOPMENTS

**THE UK economy started a cyclical upswing in the first half of 1992, following a deep trough in output. GDP grew at an annualised rate of around 2 per cent between mid-1992 and mid-1993. But growth then picked up sharply, to 4.2 per**

cent in 1994, as exports grew strongly in response to rapid world trade growth.

**The growth of both domestic demand and exports slowed during 1995, the former reflecting a tightening of monetary policy and the latter a slackening of world trade growth. However, the impact on GDP was cushioned by higher stockbuilding, which was probably largely involuntary, and GDP rose 2 per cent in the year to the fourth quarter of 1995.**

**Domestic demand has been strengthening again since the beginning of 1996, but lower stockbuilding at first held back GDP growth, which remained at an annual rate of 2.2 per cent over the first three quarters of the year. However, GDP accelerated sharply towards the end of the year, rising at an annualised rate of almost 4.2 per cent in the fourth quarter of 1996 and 3.2 per cent in the first quarter of 1997. On balance, it seems likely that the output gap is currently close to zero though there is a significant risk that output could already be above its trend level.**

**Over the past year, growth has been led by the service sector, where output increased at an annualised rate of 5.1 per cent in the first quarter, and by 4.1 per cent on a year earlier. Growth has been particularly strong in the financial and business services and transport and communication sectors. After showing little change for almost a year, construction output has been rising strongly since the middle of 1995, and in the first quarter of 1997 was 3.4 per cent higher than a year earlier. Manufacturing output remained broadly flat between late 1994 and mid-1996, but has picked up since last summer and in the three months to April was almost 2 per cent higher than a year earlier.**

#### PROSPECTS

**CONSUMERS' expenditure should continue to expand quite strongly in response to rising incomes and wealth and increasing consumer confidence, with scope for very strong growth in the event of heavier than expected spending out of windfall payments. Business investment is expected to pick up further this year, though manufacturing investment is expected to remain weak. But while economy investment has been sluggish in recent years, and forecasts of strong growth over the past two years or so have failed to materialise. Moreover, investment prospects could be adversely affected if the high exchange rate hit exports hard. So the investment forecast is particularly uncertain.**

**The drag on growth from stock adjustment now appears to have passed, and stockbuilding is expected to make little contribution to growth over the next 18 months. Total domestic demand forecast to grow by 3.7 per cent this year.**

**However, export growth is expected to be slower from the second half of the year as the impact of the exchange-rate appreciation begins to build up. Towards the end of the year and into next year domestic**



Financial futures: Helen Liddell, Economic Secretary, Gordon Brown, the Chancellor, Dawn Primarolo, Financial Secretary, and Alastair Darling, Chief Secretary, will steer the Treasury's "Budget for Britain's future" and its £4.5 billion levy on privatised utilities

**demand is also expected to decelerate, partly in lagged response to the tightening of monetary and fiscal policy, and as the effect of spending out of windfalls on growth recedes. GDP is forecast to grow by 3.1 per cent in 1997 as a whole, with growth slowing through the year. Growth of 2.1 per cent is forecast for 1998. Lower domestic demand growth and net trade are expected to contribute roughly equally to this slowdown.**

**The composition of demand growth over the next two years is likely to continue to be relatively favourable to the service sector. Manufacturing output is forecast to grow by just 1.1 per cent this year and 3.4 per cent in 1998.**

**There is the possible upside risk to consumer spending from windfalls and the downside risks to investment and exports from the high exchange rate to materialise, there would be further imbalance in the composition of growth. The Budget strategy has been designed to reduce the risks of growth remaining unbalanced.**

#### PERSONAL SECTOR

**CONSUMERS' expenditure accelerated unsustainably in the second half of the 1980s and the saving ratio fell sharply. Between 1986 and 1988, consumer spending increased at an average rate of 6.1 per cent a year, and the saving ratio fell to 6 per cent in 1988. The housing market boomed — prices increased by around 90 per cent between 1986 and 1989 — and many homeowners borrowed for consumption on the back of rising house prices. With falling saving and a sharp increase in housing investment, the personal sector moved into financial deficit in the late 1980s for the first**

**sustained period since the 1950s. The subsequent recession and housing market downturn left the personal sector with a high debt burden and many homeowners with negative equity. Consumers' expenditure fell by 3.1 per cent from peak to trough, and house prices fell on average by almost 13 per cent. The saving ratio peaked at almost 13 per cent during 1992 and, despite relatively low inflation, has remained at a high level since, partly reflecting increased consumer caution after the experience of the late 1980s.**

#### SPEND AND SAVING

**CONSUMER spending is by far the largest expenditure component of GDP, accounting for over 60 per cent of the total. Having increased by 1.4-2.1 per cent a year between 1993 and 1995, it grew by 3.1 per cent last year, with the annual growth rate picking up to 4.1 per cent in the final quarter. Spending on durable goods was particularly strong. Strong growth continued in the first quarter of 1997. Recent monthly indicators also point to strong consumer demand. Retail sales (which account for about 40 per cent of total consumption) were 4.9 per cent higher in the three months to May than a year earlier. New car registrations in the three months to May were 4.1 per cent up on a year earlier. Consumer credit continues to grow strongly (up by 17 per cent in the year to May) and consumer confidence is now back to levels last seen in mid-1988.**

**Real personal disposable income grew 3.4 per cent last year — well above its long-term trend rate of around 2.1 per cent — reflecting income tax cuts, rising employment, higher real average earnings**

**growth and further strong growth of dividend receipts. Dividend receipts are unlikely to grow as quickly this year as last, but with lower inflation, real average earnings growth is likely to be higher. Real personal disposable income is therefore forecast to grow strongly again this year, by 3 per cent. It is forecast to increase by 1.4 per cent in 1998.**

**Net personal financial wealth has grown by 30 per cent over the past two years, as a result of high personal sector saving (particularly in pensions) and rapid increases in equity prices. The FTSE All-Share index rose by around 30 per cent between the beginning of 1995 and the end of 1996, and has risen by a further 10 per cent so far this year.**

**Rising house prices have also been boosting total wealth since mid-1995. Personal wealth is being further increased by "windfall payments". People have already received around £25 billion this year from the flotation of building societies and insurance companies, and this is likely to rise to over £30 billion in the year as a whole. There is a further £5 billion from maturing Tessa accounts, which does not increase total wealth but makes existing wealth more liquid.**

**The forecast assumes that most of this money will be saved, and hence the effect on consumer spending will be relatively small — adding around 1.4 to 1.6 per cent to consumption this year. Evidence from previous flotation and consumer surveys tends to support the view of relatively modest spending from these windfalls. However, it could be much larger, and this represents a significant upside risk to the forecast. For example, if a quarter of the windfalls were to be spent (compared with a central**

**assumption of around 15 per cent), this would add a further 1.4 to 2.4 per cent to consumers' expenditure this year. With consumption growth matching that of personal disposable income, the personal sector saving ratio remained at around 11.1-12 per cent for most of last year.**

**However, high levels of consumer confidence (at least partly associated with falling unemployment and rising house prices), high wealth and spending out of windfalls will all be tending to reduce the saving ratio. The forecast assumes that it falls to 8.4 per cent next year.**

**Reflecting the rise in real incomes and the fall in the saving ratio, consumer spending is forecast to grow by 4.1 per cent in 1997.**

**But, as already noted, heavier than expected spending from windfalls could lead to much stronger consumption growth in 1997. In any case, as a matter of arithmetic, the effect of windfalls on the growth of consumer spending is likely to recede during the course of next year. Towards the end of this year, consumer spending is expected to start decelerating under the influence of the tightening of monetary and fiscal policy. Growth in consumers' expenditure is forecast to slow to 4 per cent in 1998.**

#### HOUSING MARKET

**HOUSE prices have been rising strongly since late 1996. The Halifax index shows prices in May 6.6 per cent higher than a year earlier, while the Nationwide index puts the increase in the year to June at 11 per cent. A shortage of properties on the market appears to be contributing to the upward pressure on prices. The May survey from the Royal Institute of Chartered Surveyors reported that the**

**number of properties for sale was down 28 per cent on a year earlier. This now appears to be having an effect on turnover. The number of particulars delivered at the Land Registry has flattened off in the past few months, having risen sharply since early last year.**

**In real terms, house prices remain well below their previous peak. With the house price-earnings ratio still low, housing remains very affordable. Higher demand and limited increases in supply are therefore likely to combine to put upward pressure on house price inflation for a time. However, thereafter the rate of increase in house prices should begin to moderate, damped by the reduction in mortgage interest tax relief, and with slower growth in real incomes in 1998 acting as a restraint on housing demand.**

**Private housing investment — new housebuilding and improvements to existing properties — was virtually unchanged in 1996 as a whole, but picked up through the year, mainly led by higher investment in existing dwellings. However, investment in new dwellings also began to pick up in the second half of last year, and should increase further in 1997 as housing completions pick up.**

#### FINANCIAL POSITION

**WITH little change in either saving or investment, the private sector financial surplus remained at around 6 per cent of disposable income last year, well above its long-run average of around 3.1 per cent. But with a fall in the saving ratio and a pick-up in housing investment, this surplus is projected to decline to around 2 per cent of income in 1998.**

#### CORPORATE SECTOR

**THE UK's relatively weak growth performance over the past 25 years partly reflects under-investment. The UK's ratio of investment to GDP is low by both historical and international standards.**

**The ratio of whole economy fixed investment to GDP has consistently been well below the OECD average since at least 1960, and the gap has been widening in recent years. Since 1960, the investment-GDP ratio for the OECD as a whole has averaged around 21 per cent, compared with a UK figure of 18 per cent.**

**Between 1960 and 1994, the UK invested a lower share of GDP than any other OECD country. On the other hand, the UK's record on plant and machinery (and business) investment has not been so clearly out of line with other industrial countries. However, it seems unlikely that the UK can catch up, or at least narrow the gap, with its main competitors in terms of the level of GDP per head without a significant rise in the ratio of investment to GDP.**

**Whole economy saving has also been low relative to income by the standards of the rest of the industrialised world.**

**The investment recovery over the past five years has been weak by historical standards. During the current economic upswing, the ratio of whole economy investment to GDP has fallen continuously, in contrast to the 1980s recovery, though this time round it has fallen from an historic high rather than rising from an historic low. In 1996, it was lower than for most of the past 30 years. While output has increased by 15.4 per cent from its trough at the beginning of 1992, total investment has increased by only 10.4 per cent.**

## Taylor is surprise choice as new chairman of Lloyd's

By ADAM JONES

**THE Lloyd's of London ruling council shocked Lime Street yesterday by choosing Max Taylor, an executive director of Willis Corroon, the insurance broker, as its chairman.**

**The move provoked anger in the camp of rival candidate Jonathan Agnew, who is thought to have turned down two recent job offers, including the chairmanship of the Securities and Investments Board, in the belief that he would be the next head of Lloyd's.**

**There had been widespread predictions that Mr Agnew, the chairman of one of the biggest corporate investment vehicle at Lloyd's and a much higher-profile candidate, would take the society's top job.**

**It had been widely believed that Sir David Rowland, the current chairman, was preparing the way for Mr Agnew, who was ousted four years ago as chief executive of Kleinwort Benson, the merchant bank. Mr Taylor, 49, has been an unlimited liability name at Lloyd's since 1975. It was suggested last night that this, and Mr Agnew's association with corporate capital, was a significant factor in winning the society's top job.**

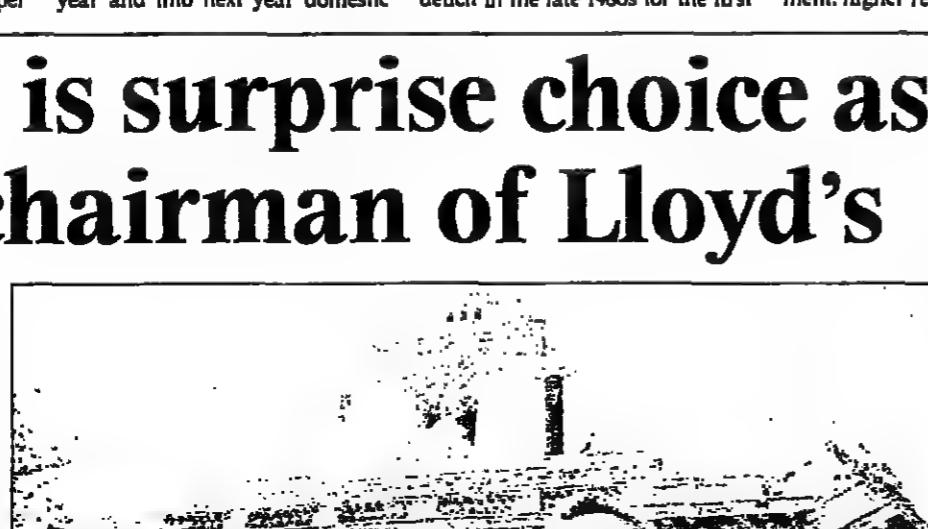
**The relationship between corporate capital and traditional names has provoked angry divisions in the society. However, in some quarters, as a more independent voice, since he is not currently a member of council, unlike Mr Agnew.**

**One insurance market insider said last night that his broking background meant that he fits Lloyd's current strategy of concentrating on customer needs, rather than joined the board of Willis Faber**

**in 1990, before its merger with Corrion and Black.**

**He was made group executive director of Willis Corroon earlier this year, with overall responsibility for the London market and global speciality business, Japan and discontinued underwriting activities.**

**The nomination by the Council of Lloyd's needs to be ratified by a ballot in the autumn. Mr Taylor will need to be elected to the council before assuming his new duties in the new year.**



Max Taylor received the support of traditionalists on the Lloyd's ruling council

## LVMH to propose £10bn deal

By DOMINIC WALSH

**BERNARD ARNAULT, chairman of LVMH, the luxury goods group, will this month present Guiness and Grand Metropole with a formal proposal that the three companies combine their drinks arms into a single business with a separate stock market quotation.**

**At a meeting in Paris yesterday with Tony Greener, chairman of Guiness, and George Bull, his counterpart at Grand Metropole, M Arnault outlined his views on creating an international wines and spirits business worth more than £10 billion.**

**The meeting, the first since the two British companies announced plans for a £23 billion merger in May, was viewed positively by both camps last night. M Arnault has previously been opposed on the grounds that the merger omits LVMH's Moët Hennessy business.**

**To put pressure on the two companies, he has built up a 6.4 per cent stake in Grand Metropole to add to his 14 per cent stake in Guiness and has referred the dispute to an international arbitration group in Paris.**

Commentary, page 31

## Consumers' Association defends 'best Visa' claim

By MARIANNE CURPHEY AND SARA McCONNELL

**THE Consumers' Association yesterday defended a decision by *Which?* magazine, its flagship publication, to recommend its own credit card as a "best buy".**

**The recommendation appears in a survey of credit cards in next month's issue under "Best buys for usual buyers" — those who spend £2,700 a year on their card and pay for three out of four bills in full.**

**Chris Peers, product development manager at the CA, said: "The *Which?* Visa card is aimed at *Which?* members, most of whom pay off their card in full every month. It is not designed for people who only pay off the minimum."**

**So far only 20,000 people have signed up for the card. Its launch was aimed at raising funds for *Which?* campaigns at a time when membership of**

**the CA has fallen from its 1988 high of 900,000 to the current level of 743,000. *Which?* said it had questioned members before it launched the card and less than 1 per cent thought the move would compromise the integrity of the magazine.**

**When Dr John Beishon joined as director in 1987 he attempted to reshape CA, but staff were opposed to changes and went on strike. *Which?* subscribers pay £14.75 a quarter for the magazine.**

**The card is run by *Which?* for the Beneficial Bank, known for running affinity cards. It pays the CA £5 for every card taken out, and donates 0.27 per cent each time one is used.**

## JCI given Lonrho option

By JASON NISSE

**JCI, the South African mining group that this week called off**

London's supremacy in life assurance was amply demonstrated, when French, German and other continental insurers homed in on British companies to give them the marketing, investment and even actuarial expertise needed to compete in a less protected single market. But they have not neglected potential UK customers. Thus, cricket finds test matches sponsored by a German-owned company and its knockout Sunday league by the French. Home-spun Britannia, which sponsors the county championship, must feel nervous.

Others might feel nervous in future. The ambitious Axa's merger with UAP, its demobilised French rival, will create a big player in the UK market when Axa's wholly-owned Equity & Law is put in with UAP-controlled Sun Life, which has already absorbed Provincial.

In the continental manner, outside shareholders in Sun Life are mere bit players in this essentially internal restructuring. Instead of Axa buying Sun Life, Sun will buy Equity & Law, along with other bits and pieces, from its own parent company, which will also keep rights to orphan assets. The DTI should make sure the detailed implications of this merger do not go down the middle.

The emergence of a strong new competitor will surely also hasten consolidation of the UK-owned industry. Apart from empire-building, this is driven by competition from bancassurers with big names and built-in distribution, the need for resources to cope with extra regulatory costs and the need to cut

## Life is spicier with French dressing



### COMMENTARY by our City Editor

yesterday that they had a fair deal. Sun shares gained 6 per cent even though the merger was no surprise and even though Axa will sell about 10 per cent of the enlarged Sun to cut its holding to two thirds.

Outside investors will share in the benefits of cost-cutting, which looks to have plenty of potential. The enlarged company will also have conveniently ready-made separate brands to sell direct and through financial advisers.

In any merger of this kind, existing long-term policyholders are more in need of protection. In advance of the creation of a super-SIB, the mixed doubles pairing of the Personal Investment Authority and the DTI should make sure the detailed implications of this merger do not go down the middle.

The emergence of a strong new competitor will surely also hasten consolidation of the UK-owned industry. Apart from empire-building, this is driven by competition from bancassurers with big names and built-in distribution, the need for resources to cope with extra regulatory costs and the need to cut

selling costs that must now be revealed to customers. No wonder the staffs of both BAT and Commercial Union are trying to hope into existence a deal that demerges BAT's huge insurance interests and merges them with the life-minded composite.

#### Ponsolle displays his Tunnel vision

At last Patrick Ponsolle, the loquacious co-chairman of Eurotunnel, winning over the French Government to the idea of a licence extension was never going to be difficult — there are more than 500,000 voters with Eurotunnel shares on that side of *La Manche*.

Winning over John Prescott in his first few weeks of juggling the environment and transport

briefs, was trickier. And persuading Eurotunnel's recalcitrant shareholders to back a refinancing showed a level of diplomacy not usually associated with Eurotunnel — by signing up the shareholders will finally lose control of the group. The banks have a majority of the shares come July 11. If they want to re-lance again — as they will have to in 1999 or 2000 — the banks will have enough votes to push the deal through whatever the other shareholders think.

But how pyrrhic will this victory be? Prescott wants Eurotunnel to encourage freight to go through the tunnel — presumably by cutting prices. This means Margaret Beckett must let the Stena/P&O Ferry merger go through. Making Eurotunnel even more aggressive will hit the ferry companies, so they should be allowed to

huddle together for warmth. Prescott's other condition is to make Eurotunnel pay for the extension. Ponsolle overplayed his hand by pricing the extension in the Eurotunnel shareholders' circular, saying that the group would make £16 million a year more if it could extend the licence to operate the tunnel by 34 years, to 2036. This indicates that the extension is worth more than £500 million to Eurotunnel.

But you can't force the company to pay today — its finances are further under water than the tunnel itself. So Eurotunnel has offered a quarter of the profits during the life of the extension — in other words, give us this concession now and we'll cut you into the deal in 5 years time.

Prescott seems less than happy about this offer. The word is that he wants a higher share of the profits after 2052. What he

only to be rebuffed, up until now, by the Frenchman.

The suggestion from Paris had been that the GMG side might be going simply as a publicity stunt in order to keep the institutions happy. Mr Greener was adamant before flying out that it was a genuine attempt to sort out a messy situation.

The latter appears to have been the case and, in all truth, any other course would have been a risky one. M Arnault is already the biggest shareholder in both Guinness and GrandMet and his tenacious attempts to derail the deal unless he is allowed to become involved (or heavily compensated) deserve very serious consideration.

Yesterday he was able to air his views and the ball is now very firmly in his court.

#### OFT delayed

IF JOHN BRIDGEMAN'S bite is to be as tough as his bark, then the Director-General of Fair Trading must refer City underwriting to the MMC. Yesterday he issued his third warning to the City, but weaselled out of a reference, saying there had not been enough share issues to have a proper analysis. Well, he has looked at 52 deals, and in only a handful has there been any cut in costs. If Bridgeman is a cartel buster, this is one he has to bust.

## Axa Equity & Law sold to Sun Life in £760m package

BY GAVIN LUMSDEN

SUN LIFE and Provincial has struck a deal with AXA-UAP, its majority shareholder, to buy Axa Equity & Law for £690 million, in a move that will create the UK's third largest life insurer.

Sun Life has also agreed to acquire Axa Insurance for £70 million, lifting the total value of the transaction to £760 million.

Initially, the enlarged group will have 7,000 employees, 25 million policyholders and control £30 billion of assets. Lord Douro, chairman of Sun Life, said that the enlarged group would be able to build on its leading positions in long-term care and pensions markets. It would also generate annual savings of £35 million within

three years, which would be passed directly to shareholders.

However the deal comes at a price for employees. Axa's head office in High Wycombe, which employs 690 staff, will close in 1999. Mark Wood, chief executive of Axa Equity & Law who becomes group chief executive after the deal, said that enforced redundancies would be minimised by re-training and relocation. Further savings are expected in IT and product development. After the deal, Sun Life will concentrate on the intermediate market, while the Axa brand name will be used to market directly to the public.

AXA-UAP has held 60.2 per cent of Sun Life's shares and

all of Axa Equity & Law's since it announced its own merger last November. The deal, in the form of £24.76 million new ordinary shares in Sun Life, gives AXA-UAP a 72.4 per cent stake in the enlarged company. This will be reduced to 65 per cent by December 1999.

Shares in Sun Life, which floated last year, rose from 30p to 32.5p on the deal.

One analyst expressed disappointment that Sun Life had not provided up-to-date figures on its business or the embedded value of its with-profits fund. Under the deal Sun Life is paying £470 million of embedded value and £220 million of goodwill.

Commentary, this page



SegaWorld attendances have been poor since opening

## OFT final warning on issues costs

BY ADAM JONES

JOHN BRIDGEMAN, Director-General of the Office of Fair Trading, has issued a final warning to the City that it must cut the cost of raising cash through share issues or face a Monopolies and Mergers Commission inquiry.

He said yesterday that underwriters of rights issues need to open up to more competition, despite some attempts to reduce charges. Underwriting institutions traditionally receive about 2 per cent of the capital raised.

Mr Bridgeman said: "I am continuing to monitor rights

issues and if markets prove incapable of reforming themselves I will have no alternative but to initiate more formal action. It is now up to the industry to decide whether to reform without such a reference or to subject itself to the full rigours of the MMC. I am not prepared to wait much longer for real and sustained evidence of a change."

Last year Mr Bridgeman said that a decision on referral would be made by the end of March but this was postponed

when the OFT said that some progress had been made, such as in a cheaper rights issue for Stakis.

But Mr Bridgeman said analysis of 52 issues between June 1996 and the end of March showed sub-underwriting fees only marginally lower since the introduction of tendering and that excess profits remain. "If sub-underwriting had become truly competitive then I would have expected to see a much greater variation in fees," he said.

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## Burford will pay £210m to buy Trocadero back

BY CARL MORTISHED

BURFORD, the property group run by Nick Leslau and Nigel Wray, has bought back the Trocadero and London Pavilion properties for £210 million. They hope the deal will boost the flagging fortunes of the leisure company demerged from Burford a year ago as Trocadero.

But Trocadero shares fell yesterday as Burford announced that it would pay £160 million in cash initially for the two freeholds at Piccadilly Circus, central London. The balance is payable in three stages over two years conditional on the rental income on two leases. Trocadero is leasing back the space occupied by SegaWorld, the virtual reality theme park that has suffered poor attendance and management problems since it opened last summer.

Nick Leslau, chief executive

of both Trocadero and Burford, said the deal would release £73 million of cash which would be used to develop Trocadero's leisure and media interests.

Burford acquired the Trocadero site from the receivers for £94 million three years ago and next year struck a deal with Sega, the Japanese electronics group, to create an indoor theme park on the site. Burford spent £50 million refurbishing the building and then acquired the London Pavilion next door for £14 million, making a total investment of about £140 million. Trocadero booked a revaluation surplus of £71 million from its properties at the end of December and will therefore make a book loss on the sale of £18 million.

Nick Leslau, chief executive

Tempus, page 32

## Bakyrchik loses mine control

BY PAUL DURMAN

BAKYRCHIK GOLD is to pass control of its Kazakhstan goldmine to its biggest shareholder to secure the company's financial rescue.

With the company's interest in the Bakyrchik mine, its main asset, falling to 20 per cent, it will have to give up its London share listing. The shares fell 35p to a 48.5p low yesterday as they returned from suspension. Last year they reached almost 50p.

Bakyrchik could not make the second of four \$15 million payments to the Republic of Kazakhstan under a deal that had let the company raise its stake in the mine to 85 per cent.

Indochina Goldfields is to take an 80 per cent interest in the mine and will fund its development.

Tempus, page 32

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## STOCK MARKET

MICHAEL CLARK

# Rate rise worries leave City investors on edge

CITY investors are bracing themselves for a rise of up to half a point in interest rates within the next few days after Gordon Brown's first Budget as Chancellor of the Exchequer.

As a result, Government securities suffered falls of almost 0.4% last night and share prices are expected to open sharply lower this morning. Brokers are forecasting an initial fall of between 30 and 50 points in the FTSE 100 index, which closed last night, before the Chancellor sat down, 2.1 up at 4,751.4.

City economists were agreed that the numbers failed to add up. They say the Chancellor had not raised enough to carry out his policies and to deter consumers from spending less.

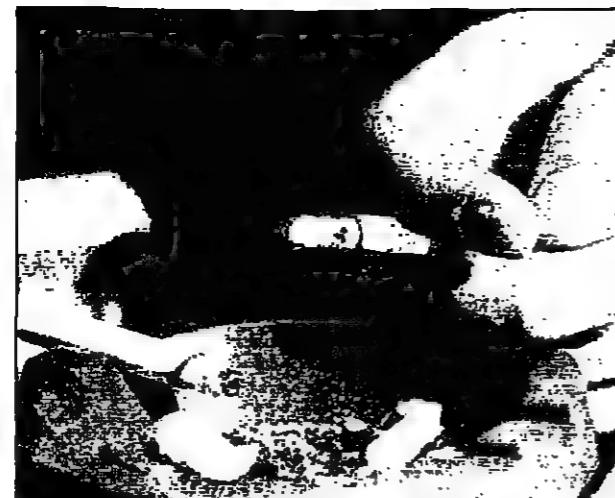
Now everything depends on Eddie George, Governor of the Bank of England, and his independent economic committee. He is likely to tackle the problem of growing inflation in the traditional manner — by raising rates.

Richard Jeffrey, chief economist at Charterhouse merchant bank, is forecasting a half-point rise and warns they will continue to rise. He is forecasting base rates of 8 per cent by the year end.

British Telecom, up 71p at 4571p, was relieved that the windfall tax on its profits will be lower than expected and should go sharply better this morning. The company says its portion of the windfall tax will be £504 million. Some reports had forecast a hit of as much as £1 billion. The company said it would not be pursuing its challenge to the tax in the European courts.

Last month, Sir Iain Vallance, BT's chairman, said he "owed it to shareholders" to take legal action if he considered the tax onerous. Yesterday he said he saw no justification for taxing BT in this way. The City expects BT shares to continue rising this morning.

The one-off tax on the water and electricity sectors could have been much higher, analysts said. The electricity companies are to pay £2.1 billion, which is lower than expected, while the water companies will pay £1.65 billion, which was in line with most forecasts. Water shares were firm last night, but closed below their best of the day. They are not expected to make much headway today. Anglian Wat-



Shares in Imperial Tobacco and Gallaher dipped

er finished 131p firmer at 709p, Severn Trent 29p higher at 839p, South West Water 211p better at 781p, and Thames 12p stronger at 740p.

Electricity shares could take off. Nigel Hawkins, of Yamaichi International, said: "I think the market will be pleased. There is a clear number there and it has removed the uncertainty. This will lure back long-term investors."

Shares in Imperial Tobacco and Gallaher dipped

131p. Last night losses were seen in Scottish Power, 16p at 397p, Southern Electric, 15p at 4361p, PowerGen 51p at 7291p, and National Power, 8p at 534p, while British Energy firmed 1p to 149p.

Railtrack eased 31p to 632p. The company estimates that its share of the windfall tax will be an estimated £165 million. A spokesman described the burden as "man-

ageable" and said the company remained committed to its investment programme.

A rise in interest rates now seems on the cards and this, combined with the pound's relentless rise against the mark, is expected to be bad news for manufacturers and exporters. Those most likely to be affected are GKN, 20p down 11p at £10.081, LucasVarity, 31p off at 208p, Rolls-Royce 1p firmer at 251p, British Aerospace, down 20p at £13.061, and GEC 1p better at 13.1.

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131p. Last night losses were seen in Scottish Power, 16p at 397p, Southern Electric, 15p at 4361p, PowerGen 51p at 7291p, and National Power, 8p at 534p, while British Energy firmed 1p to 149p.

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After the Budget you can hardly be expecting to feel cheerful, so why offer you more bad news? We might as well get it over with, as my dentist used to say as he ground my teeth. And it is important: the news which this column fears could cause furrowed brows all over the world long after we have adjusted ourselves to the news. In other words, it looks as if commodity prices are set to rise again.

Set to rise? Metal prices have in fact been rising strongly for months in dollar terms: aluminium is up 22 per cent from its recent low, zinc 31 per cent, copper 26 per cent, and nickel 20 per cent. But only the producers care much. Crude metal prices are a tiny element in the index; and in this country the rise in sterling has partly masked world prices

though if Brown follows the advice he is getting from the likes of British Steel, they will be unmasked again, soon. Oil is more important — more than 3 per cent of total costs — and that too looks to be on a stronger trend, strong enough, perhaps, to reverse its recent 20 per cent fall.

But food is the big one, the major item in family budgets. The sinister news here is an ocean away — the reappearance, earlier than expected, of El Niño, a warm sea current along the Pacific coast of South America. The impact on Peruvian fishing is something you might take in your stride with a sympathetic shrug, but El Niño

also seems to upset the weather worldwide. Its last major appearance was in 1991-92 and then, as Stephen Lewis of London Bond Broking reminds us, wheat prices rose 17 per cent.

It would have been more had it not been for the vast US strategic grain reserve (I visited New Orleans about that time, and the grain barges lined the Mississippi four abreast as far as the eye could see). Not by 1994, when El Niño came back more mildly, without that supply cushion, prices took off. Wheat rose 70 per cent, maize 90 per cent, and soybeans 25 per cent. Although stocks have recovered a bit since then, and the EU

abandonment of set-aside looks very timely, prices could again be highly sensitive to a poor world harvest.

Investors can position themselves by commodity futures.

and go longer in bonds. The last time round, the Fed raised short rates sharply and managed to contain inflation — and we might expect monetary authorities everywhere to follow that successful example.

If prices are led by oil (provoked, perhaps, by Saddam Hussein in his new attempted jihad), this would deepen the bank's existing dilemma: the pound tends to rise with oil, and it is already too high. A matter, surely, of keeping a step behind the pack.

But fiscal policy is a dilemma for everyone. The fundamental problem should policy aim to reinforce tight monetary policy in

ordinated response; it would be hard to devise any more effective way of making the worst of a bad job. The normal result of such efforts (see above) is that we all make the same mistake at the same time, which only amplifies the bad effects.

Much better: stay at home, and let each country make its own mistake, hoping that on the global scale, they will cancel each other out. But real-life politicians cannot stomach such agreements to disagree. They need to be seen to be trying to do something.

As an immediate response, only one helpful possibility suggests itself. When you have finished sticking pins into your wax Chancellor tonight, say a prayer for better weather — especially along the Pacific coast of South America.

## Millionaire minister prepares to put utility fat cats on a diet

**Valerie Elliott**  
meets the man charged with implementing Labour's windfall tax

**H**e is one minister who can guarantee finding favour in Whitehall because he signs expenses cheques for civil servants. The Paymaster-General is a curious title and Geoffrey Robinson is clearly amused by it. He also recognises the irony that Tony Blair has appointed a millionaire MP to take charge of the nation's chequebook.

Mr Robinson has not yet been formally sworn in to the post and for the moment this is one area of the national finances where the Conservatives still hold sway — the cheques are still being signed by David Willetts, the former Paymaster-General who resigned from the Conservative Government for "dissembling".

Mr Robinson is not at all perturbed: "I have signed too many cheques in my lifetime already."

The new Treasury Minister is rather a rare species in Labour terms. He has not only been a Labour MP for over 20 years but has experience of industry at the highest level — he was chief executive of Jaguar cars at 33 — and has since built up a personal fortune of at least £30 million. He joined the ranks of the seriously rich when he built up TransTec, the high-tech manufacturing company that was successfully floated in 1991. He later purchased *The New Statesman*.

Then there are his five houses — a Mayfair penthouse, a Lutyns mansion near Golders Green, Surrey, another Lutyns house being restored by the River Test in Hampshire, a home in Cannes, and a villa in Tuscany, his best known and favourite property, which he lent to the Blairs for their summer holiday last year. He will lend it to them again this year.

After yesterday's Budget, however, Mr Robinson hopes to be more widely associated with his role in tackling the "fat cats" from the privatised utilities. It is his job to implement the windfall tax and it is clear that he relishes the prospect.

He also believes that it is a policy that has won friends in business. He knows plenty of people who are rich and run successful companies but they have never been cushioned with the guarantee of easy profits and salary bonuses. They detest the "fat cats" as much as the man in the street. Mr Robinson is determined that the Labour Government will not



Geoffrey Robinson works extra hours at the office to avoid taking work home in a ministerial red box

allow anyone else to have such easy money. If the Government does approve some future privatisations, he cautions, "they are certainly not going to have this unbridled licence for people to make themselves very wealthy in a short period of time. We will have to ensure that any future terms are not open to this sort of abuse."

"I think the Treasury should have had more of a say in what went on in these companies. I think many of the companies were sold too cheaply, they were too laxly regulated and some steps should have been taken to limit the extent of individual benefits to directors." Mr Robinson has

already been identified as the man who will have the most influence on Labour's industrial policy. He sidesteps the accolade, but accepts that an important part of his job is to "keep the Treasury in the real world". He hopes that his experience in manufacturing and industry will help him to influence Treasury officials, who, however able and distinguished, do not have experience of the real world of manufacturing and industry.

His influence has already been apparent in the businessmen appointed by Tony Blair and the Chancellor to various task forces. It is Mr Robinson who has been coming up with the names. He is also heavily

involved in the Welfare to Work proposals and has set about rescuing the Private Finance Initiative. He believes that if it works properly and can deliver value-for-money it can help to transform the country's schools, hospitals and prisons.

For all his wealth and influence, Mr Robinson has his feet firmly on the ground — when he is not working out at the Grosvenor House gym where his mighty "brisk walking" target is three miles during the week and five miles at weekends.

He has given up the ministerial MP's pay. He was unhappy that this

is. It is really genuine. The other night he came in to a series of Gordon Brown's receptions, there he was with his coat over his shoulder. He is very natural and he has struck a chord and people are responding to it."

This was probably why he joined in the defiant stand by the Chancellor to turn up at the black-tie Mansion House dinner in a lounge suit.

He appeared to be embarrassed by the stunt and said: "Gordon was not going in black tie and so I didn't ... I've got a black jacket and it still fits me after 30 years." He seemed unsure if he would repeat the gesture.

### BUSINESS LETTERS

#### Bonus is all in the Boots budget

From D. H. Rhoades and D. H. Marcus

Sir, Your article ("Boots directors awarded £600,000 in bonus scheme", June 26) implies that the Boots short-term bonus scheme is inappropriate and not in the best interest of shareholders because it provides a modest payout for performance at 95 per cent of budget. This interpretation is far from the truth. We know because we helped to design the plan.

The article suggests that no company should pay bonuses for performance below budget, because budget represents "doing your job". Yet over one in three companies in the UK begin bonus payouts below budgeted performance, while in the US this figure is much higher. Are all these companies doing their shareholders a disservice? Clearly not. The real question is how aggressive is the underlying budget and how sensitive is the total remuneration package to performance and to increases in shareholder value. It may be more appropriate to pay for slightly missing an aggressive budget than for exceeding a "soft" budget.

Instead, he — and his private office — are putting in more hours at the Treasury to compensate. It meant that last weekend as the finishing touches were being made to the Budget, Mr Robinson was able to fly to Cairo to see his wife, Maria Elena Giorgio, the Italian opera singer, perform *Amelia in Verdi's Un Ballo in Maschera*.

**T**hat was also an opportunity to catch up with his son, Alexander, who is taking a year out travelling in Africa.

Veronica, the daughter, who is an accountant at Coopers & Lybrand, completes the close family, and Mr Robinson clearly believes that it is a badge of some credit that both his children are Labour Party supporters.

Mr Robinson became involved in the Labour Party when he was studying at Yale. He was inspired by Jack Kennedy and when Harold Wilson visited Yale he met the young Robinson and said he was looking for bright young men to join the Labour Party.

It is clear that Mr Robinson is similarly enthused by new Labour and Blair's Britain. The atmosphere reminds him of the Kennedy days.

Tony Blair is setting a very modern prime ministerial style and I think that accurately reflects the extraordinary strong personality that he is. It really is genuine. The other night he came in to a series of Gordon Brown's receptions, there he was with his coat over his shoulder. He is very natural and he has struck a chord and people are responding to it."

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#### Ban system falls short

From Mr Nigel Wilkins

Sir, I welcome the commitment shown by Nigel Griffiths, Consumer Affairs Minister, to curb the activities of unscrupulous company directors ("Cowboy directors under fire", June 6).

However, unlike him, I doubt whether the current director disqualification procedures are adequate for the task. Even taking account of the recent increase in the number of disqualifications, the total remains very small in relation to the large volume of adverse reports sent to the DTI by company liquidators. There remain a number of

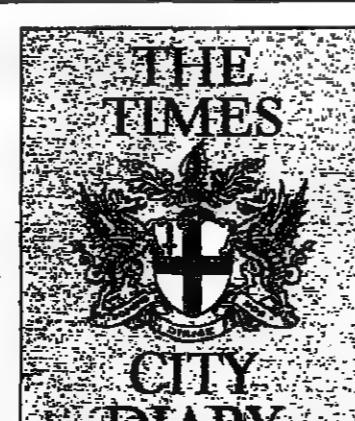
difficulties in obtaining a disqualification order in court. These problems could be overcome by the automatic disqualification of directors in certain clearly defined circumstances, e.g. conviction for fraud or theft, or persistent failure to submit company accounts on time.

There must also be a limit to the number of companies that any one individual is allowed to fail. Even if bad luck is the cause, there is no reason why innocent creditors should continue to share in the bad luck of certain individuals.

Yours faithfully,  
NIGEL WILKINS,  
8 Petersham House,  
Harrington Road, SW7.

## Warburg win

IT NEVER rains but it pours for NatWest Markets. The eagerly-awaited Extel survey of investment analysts has NatWest Securities topped from top place by SBC Warburg, in both the All Sectors League and in UK Sectors. The awards were given out by Marjorie Scandino, chief executive of Pearson, at Guildhall yesterday. Coming up fast on the inside is Merrill Lynch, third in All Sectors from sixth place last year. The results represent a welcome return to form for Warburgs, which until last year was five years in the



*lifelong ambitions, either. The man who looks like a mild-mannered trainspotter and runs Airtours with a rod of steel has long dreamt of touring the length of the Pacific Coastal Highway on a Harley-Davidson.*

#### No poaching

RUMOURS that Sir Andrew Large, retiring head of the Securities and Investments Board, might have been approached to run NatWest Markets in the absence of Martin Owen are well wide of the mark. No approach has been made, I understand, and nor would one be welcomed. Sir Andrew apparently takes the view that it would be difficult to swap a job in which he was being required to launch an investigation into an organisation for one running it. Common sense, if you think about it.

*Easy Rider lives. Contrary to reports elsewhere, David Crossland, the chairman and founder of holiday firm Airtours, is not about to relocate to California, even if he's a home there. He will not, therefore, have more time to fulfil one of his*

*Poachers may make very good gamekeepers, but gamekeepers should not consider taking up poaching.*

#### SIB-suited

WHILE we are on the subject, my suggestion that Kenneth Jordan, head of the highly successful Knight Williams action group, might be an ideal person to represent small investors on the planned super-SIB City regulator, has sparked an unexpected reaction. It has prompted Jordan to stand for just such a post, once he has worked out how. "I know what's going on, and if I can persuade the powers that be to invite me onto the SIB board, it will be in the interests of all small investors. At the moment we only know what the regulators want us to, and we are disadvantaged."

#### On the ball

GREAT excitement at the Treasury a few days back. Geoffrey Robinson, the Paymaster-General, was hopping from foot to foot about a fax he was expecting. Straight him, no delays, enormous importance. Staff were agog. Some Budget bombshell? It arrived, pretty well labelled "Top Secret". Somebody sneaked a look. It was the fixtures list for the next season's games at Coventry City Football Club, of which Robinson is a keen fan.

*I AM not at all sure that I believe this but it seems the Thatcher Revolution has hit something of a con-*

*sumer backlash in the northern Japanese city of Sendai. A group of aggrieved residents are suing the council, and demanding that the mayor sacks four town hall officials. Their complaint is the \$150,000 the council paid to Lady Thatcher to deliver a two-hour lecture last year. Yes, that was \$150,000 and, yes, two hours. Presumably not in Japanese either because I don't believe that the Iron Lady has added the language to her many accomplishments, so few may have understood her anyway. The action group insists the bill constitutes "irrational spending" and wants the authorities to seek a refund. Dream on.*

MARTIN WALLER



*Baroness Thatcher: Japanese protesters want a refund on the \$150,000 she was paid to lecture*

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## Fyffes in Ir£22m Dutch buy

Fyffes, the Irish fruit distributor, is to pay Ir£22.2 million to take full control of Velleman & Tas, a Dutch banana company. It has been a shareholder in the Dutch company for three years and is now taking control of the 50 per cent it does not own.

Fyffes reported a 2.6 per cent fall in pre-tax profits to Ir£20.2 million in the six months to April 30, due to lower selling prices because of market oversupply. The interim dividend was Ir£0.57p (Ir0.52p).

### Vega slips

Vega, the software systems group, suffered a 5.5 per cent fall in pre-tax profits for the year to March 30 to £3.26 million. Earnings fell to 13.8p a share from 16.2p. An unchanged final dividend of 3.5p will be paid on September 5, lifting the total to 5.4p from 5.25p previously.

### SIG expands

SIG, the insulation distributor, is paying £36 million for three businesses in Britain and America. The roofing products division of Asphaltic Roofing Supplies, with 50 UK outlets, was acquired for £25 million. Distribution International and Branton Industries operate on the US Gulf Coast.



Anthony Habgood, left, with David Williams, Bunzl managing director, were approached by Filtrona shareholders

## Bunzl to reunite branches

BY OLIVER AUGUST

BUNZL, the manufacturer of cigarette filters, has agreed to buy American Filtrona (AFC), a competitor, for \$78 million. The deal brings together the two branches of the Bunzl family whose century-old packaging empire was split when the Jewish family left Austria after the German Anschluss in 1933.

Most family members fled to Britain where they set up Bunzl, which trades as Filtrona around the world except in America where Robert Bunzl founded American Filtrona.

Bunzl was approached earlier this year by Walter Bunzl, Robert Bunzl's son and a major shareholder in American Filtrona. The other major shareholder, Rudolph Bunzl, Robert Bunzl's other son, also agreed to sell his stake.

Anthony Habgood, the Bunzl chairman, said: "AFC is an excellent fit with Bunzl and this acquisition is in the best interest of both companies."

Tempus, page 32

## Millennium forced to name new head

MILLENNIUM & COPTHORNE HOTELS has been forced to appoint a new head after its first choice, John Wilson, became bogged down in contractual wranglings with his current employer, the Ladbrooke subsidiary Hilton International. The company announced yesterday that John O'Shea would become managing director later this month. Mr O'Shea is a 26-year veteran of Inter-Continental Hotels, is currently chief operating officer of CDL Hotels International, the Singapore company that owns 55 per cent of Millennium.

Mr Wilson's resignation as chief operating officer of Hilton was confirmed in an internal Ladbrooke memo three weeks ago, but his intended move to Millennium appears to have provoked fears that he might take with him his best staff and a number of hotel development opportunities. A spokeswoman for Millennium said: "Mr O'Shea was the best candidate."

## BG to expand in India

BG, the former British Gas, is investing £37.3 million in India. The company is to acquire a 44.31 per cent stake in Gujarat Gas Company from Mafatlal Industries and the Hindustan Oil Exploration company for £25.7 million. Under Indian takeover rules, it is also required to make a public tender for up to a further 20 per cent of Gujarat's shares at an additional cost of £11.6 million. Gujarat's sales last year were £19 million and net income was £4.2 million.

## EU fears Boeing deal

THE European Union remains unmoved by US regulatory approval of the merger of Boeing and McDonnell Douglas. Under EU law, the European Commission can block mergers, including those that involve non-European companies, if it feels that these will adversely affect fair trade within the European Union. The EC has expressed concern about the huge market position of the new company emerging from the \$13.3 billion merger.

## Jury's checks in 45% rise

PRE-TAX profits of Jury's, the Irish hotel group, climbed 45 per cent last year, helped by strong corporate and tourist demand. Profits rose from Ir£9.51 million to Ir£13.82 million in the year to April 30 on turnover ahead 17 per cent to Ir£57.7 million. Jury's has 15 hotels and inns across Ireland and Britain. New hotels were opened in Dublin, Limerick and Belfast. Average room rates rose 10 per cent, said Jury's, with occupancy at between 75 per cent and 80 per cent.

## Ferguson chief resigns

DAVID WATSON, chief executive of Ferguson International Holdings, resigned yesterday after only nine months in the job. His resignation was announced as the labels company gave a profits warning, prompting its shares to fall 6p to 188p. Ferguson said refraction caused disruption at its plants at Pan Yu in China and Park Royal in the UK. Pre-tax profits for the six months to August 31 are now likely to be not less than £5 million, with maintained interim and final payouts.

## Matheson man fined

THE Securities and Futures Authority (SFA), regulator of brokers and futures dealers, has fined a broker's client account manager over his investment strategy. Thomas Arthur, who managed the account of 250 clients of Matheson Securities, was fined £8,000 with costs of £4,673. The SFA said he used an investment strategy for two discretionary clients involving frequent dealings which led to losses. Matheson was fined £15,000 with £7,500 costs and £15,951 compensation.

## Norbain slides to £3.8m

NORBAIN, the closed-circuit television supplier, suffered a fall in pre-tax profits to £3.8 million, from £5.3 million, in the year to April 30. The fall reflects a charge of £953,000 for goodwill and other costs written off against the sale of AlarmExpress, its loss-making intruder alarm business. The sale to Gardner Group is for a nominal sum but involves the buyer repaying £2.15 million of inter-company debt. A proposed final dividend of 5.5p (5p) makes a total of 8.5p (7.5p).

# Cinven to form largest private hospitals group with £1bn deal

BY PAUL DURMAN

CINVEN, the investment firm that used to be part of the British Coal pension fund manager, is poised to create Britain's largest private hospital group after a £1.1 billion deal with Compagnie Générale des Eaux, the French utility conglomerate.

Cinven is acquiring General Healthcare Group, which employs 6,000 people at 37 hospitals in England, as part of the

purchase of Générale des Eaux's hospital division. This also includes Compagnie Générale de Santé, the largest private hospital group in France which has a total of 98 hospitals and 9,000 employees. Cinven claimed that the deal is the largest management buyout in Europe this decade.

Simon Rowlands, a director of Cinven, said the investment firm intends to combine General Healthcare with Amicus

Healthcare, a 15 hospital business that Cinven bought in December 1995.

With combined sales of about £330 million, the enlarged business will overtake Bupa as the largest private hospital and healthcare provider.

Mr Rowlands said the merger of Amicus and General Healthcare could take place before the end of the year. He said: "We will have a business that will be substantial and

eminently floatable." Cinven intends to run Générale de Santé separately, recognising the very different French market.

Générale des Eaux is retaining a 20 per cent stake in Générale de Santé, which is four times bigger than its nearest rival.

Although the French business is larger, it is less profitable and accounts for only about £500 million of the total £1.1 billion of funding Mr

Rowlands said a significant capital expenditure programme was needed, and described the French investment as "a five-year deal".

In all, Cinven has invested about £225 million of equity in the two companies.

ABN Amro is working with Cinven to find equity backers for Générale de Santé. Unusually for the venture capital industry, Cinven was advised by N M Rothschild, which was instrumental in recruiting ABN Amro to the deal.

General Healthcare has 26 private acute hospitals with 1,419 beds, and a further 11 psychiatric hospitals with 740 beds. It is profitable on turnover of about £250 million.

Générale des Eaux put its hospital division up for sale, having decided to move into the media.

Last November Cinven raised its first independent fund of £300 million.

## Kalamazoo finds £1.2m black hole

BY FRAZER NELSON

KALAMAZOO, the computer services and printing group in talks with potential bidders, has found a £1.2 million black hole in the books of its accounting software division.

The company, which sells

specialised book-keeping software to motor dealers, blamed the loss on unnamed managers who keyed in phantom profits to cover up disappointing trading results and have since been dismissed.

Robert Jordan, chairman, said the fraud was an isolated

exercise and did not involve embezzlement. The write-down reduced pre-tax profits to £3.88 million (£5.88 million) in the year to March 31. Earnings fell to 6.2p a share (10.2p). The total dividend rises to 4.25p (4.15p) with a final of 3.05p. Kalamazoo also

announced a £3.4 million profit on the £12.5 million sale of its security printing division to Adare Printing Group.

Although Lynx Holdings withdrew from takeover talks last month, Mr Jordan said that negotiations were taking place with other parties.

Simon Rowlands, a director of Cinven, said the investment firm intends to combine General Healthcare with Amicus

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David P. Smith, solicitor, filed notice on 20th April 1997 that he was appointed as the receiver of the above named company.

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## ACCOUNTANCY

## Time to debate our treatment of R&amp;D costs

For as long as anyone can remember, British governments have been worrying about the country's relatively poor record of investment in research and development. Last week saw another batch of headlines with the publication of the DTI's seventh annual R&D scoreboard. The UK performance is not improving: indeed, the gap between our R&D/sales ratio and that of other large industrialised countries is gently widening.

This political interest has been one of the reasons why R&D accounting has received considerable interest in the standard setting era. However, it may be time for the accountants to move the goalposts. At least, that may be the view of some on reading this month the conclusion of the study by the Scottish Institute of Chartered Accountants (ICAS) into R&D accounting. Its working party has concluded that the existing accounting standard, SSAP13, originally issued in 1977 and revised in 1989, should be withdrawn and replaced with new rules. Under SSAP13, all research expenditure is written off as incurred and development costs are allowed (but not required) to be

deferred to future periods if specified conditions are met.

The first change would be that the focus should be on innovation, and not simply R&D. R&D is narrowly defined in SSAP13 and is associated with activities in scientific and technical laboratories. While such activities are extremely important, what counts in successful companies is the ability to innovate, to bring new products and services to the market.

The other major change would be for the UK to adopt one standard accounting treatment, namely to require companies to write off expenditure up to a point, but then to recognise as assets investment in new products or services that the companies intend to exploit commercially. That point, in colloquial terms, is when experimentation stops and the commitment to launch is made. In accounting terms, it is the point at which an asset, being rights or other access to future economic benefits controlled by an entity as a result of

past transactions or events", is created.

Adoption of these proposals should place another small brick in the wall of international harmonisation. China is the venue of this month's International Accounting Standards Committee meeting. One of the agenda items is to revisit its standard, IAS9, on R&D accounting, which at present broadly follows the SSAP13 approach. However, this activity may leave unmoved standard setters in the US. Its longstanding standard, SFAS2, requires that all expenditure be expensed in the profit and loss account as incurred. Whether the US will change is difficult to predict. A later standard, SFAS86, on computer software development, takes a different stance. It requires that once the technical feasibility of software has been established, all costs should be capitalised and written off over the producer's remaining economic life. This may suggest that there is room for

movement in US thinking on R&D generally.

The question for the UK is whether we want to change SSAP13.

Based on the admittedly limited survey by the ICAS working party, a change in SSAP13 to remove the route of immediate write-off of all R&D costs would not be popular with finance directors. Numerous reasons are given. One is irrefutable, at least by accountants: That is the potential tax consequences.

The present taxation system gives immediate relief for R&D spending. If the method of accounting were to change to require capitalisation at the time at which an asset may be recognised, the Inland Revenue and the courts might wish to follow the accounting treatment, a trend that has been evident in recent years.

Loss of immediate tax relief would hit hard British companies' cash flow. Their ability to invest for the future would be impaired. An

unattractive tax regime might lead large companies to decide to locate more of their R&D activities abroad. Furthermore, it would break the present just approach of matching the tax allowances with the cash flows. When companies invest in new products and services, the benefits are often not available immediately.

The solutions are either for the accounting rules to remain unchanged or for the appropriate tax authorities to state that the present system will not change. The former is difficult. SSAP13 is dated in its language. It allows, under certain conditions, a choice of accounting treatment – an anathema to 1990s accountants. Internationally, R&D accounting is changing. The topic must appear soon on the ASB's work programme.

Let us hope that the tax issue can be neutralised to allow a debate on R&D accounting to start in earnest in the UK.

Isobel Sharp, a partner in Arthur Andersen's Professional Standards Group, chaired the ICAS working party. For copies of its study, priced £12.50, contact The Research Department, ICAS, 27 Queen Street, Edinburgh, EH2 1LA.



Isobel Sharp hopes tax issues will not block discussion on R&D

## Andersens to draw on lesson from the past

THE struggle over consensus and direction at Arthur Andersen is in danger of turning into a soap opera. Instead of *The Archers*, we tune into *The Andersens*. And the question is whether it is an everyday story of consulting folk or an everyday story of accounting folk. As one insider rather wryly put it this week, "this goldfish bowl approach does have its disadvantages".

But seeing it as a drama makes a difference. Human drama is based on a few universal themes. And they come round time after time. So it is with Andersens. The struggle between the two power bases of consulting and accounting has come to a head once a decade for 30 years. Doubtless partners as yet unborn will be battling over similar issues deep in the next century. The current difficulties for the world's largest professional services organisation should be seen in that context.

And the insistence at Andersens that they resolve the issues through consensus, embarrassingly public, though that may sometimes be, is also nothing new. In 1979, Harvey Kappnick, then senior partner, decided virtually unilaterally that the consulting business should be split away. The

muscling in on the consultancy business, the problems of having roughly 1,000 consultancy partners pulling in more fee income than the 1,700 partners in the accountancy arm, and the imbalance of voting power and revenue sharing that the partner imbalance inevitably creates.

In 1983 a similar process

took place. The key, in Hanson's view, was "the decision to lock the change management task force of younger partners in a room until they had solved the problems". The partners involved were not drawn from the management of the firm. "So they were not part of the problem," recalled Hanson, "but they were part of the solution and basically the firm and the board said 'let's do it, separate the business units, separate revenues and separate governance roles'." And that all held together for most of the next decade. Now they are having to do it again.

The problem this time was that the firm tried to sort out the succession problems before they sorted out the structural problems. With the real issues between consultants and accountants unresolved, except for a desire to hold the business together, voting for

the next chief executive was always going to follow party lines. So neither the first nomination, Jim Wadia, the UK managing partner, nor George Shaheen, the Andersen Consulting chief who was nominated after Wadia's defeat, could win. In Hanson's view the mistake was

not to have nominated

Shaheen first, with Wadia to

head the Andersens business

unit. That combination would have pulled in the votes. But the fear was that Shaheen

would turn the firm into a

huge consulting organisation.

"It would have been an ideal combination," said Hanson.

"George is honest like Larry,

but George is brutally honest.

He tells you what he thinks

about you there and then. Jim

is a world-class manager.

It would have been an ideal

combination and Jim is what

George needs."

Then a similar solution to

that proposed now was put

forward. To resolve the cur-

rent difficulties the chairman

of the board of partners has

become acting chief executive.

He will hold the fort while a

small group sort out the orga-

nisation issues. Then, and

only then, will Andersens re-

turn to the formal process of

choosing a new chief execu-

tive. So between now and next

spring the issues of how to

structure a lopsided business

will have to be resolved, includ-

ing the turf wars between the

consultancy arm and those in

the accountancy arm who are



ROBERT BRUCE

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## ■ FILM 5

The consummate actress Gena Rowlands has rebuilt her career — with a little help from her son



## ■ FILM 6

Out on video: a compelling look at the avant-garde in the acclaimed *I Shot Andy Warhol*



## ■ NEW CDS 1

Shostakovich in his strange "jazz" mode is delivered with an aptly light touch...



## ■ NEW CDS 2

... and Webster Booth, the popular British tenor of the 1940s, is recalled in a new compilation

# it off

# Gena keeps it in the family

John Cassavetes gave his wife, Gena Rowlands, her best film roles; now their son is writing them for her.

Sheila Johnston met her

The actress Gena Rowlands and the film director John Cassavetes, a real-life husband and wife team, made an unbeatable team on screen. She brought to their films a humour, warmth and sweetness which illuminated the madcap, bouncy, sexy settings. He was (as his wife once conceded) no picnic to work with. But he repaid her handsomely with great roles in such films as *Gloria* and *A Woman Under the Influence*, at a time when the pickings for American actresses were woefully slim.

After Cassavetes died in 1979, a question-mark hung over Rowlands's future as an actress. Ben Gazzara, her costar in many of these movies, once said that no other director knew quite what to do with her. "I don't know; that's Ben's call," says Rowlands, still beautiful at 63. But she admits: "The best parts I have ever had, John wrote. If an actress has two roles in her lifetime which are really exceptional, she's a lucky woman. I've had seven or eight."

Over the past two decades she has rebuilt her career with parts including a college professor confronting the emotional emptiness in her own life in Woody Allen's *Another Woman*; a fragile but selfish Southern belle with dreams of fame as a singer in Terence Davies's *The Neon Bible*; and a stream of television work including the title role in *The Betty Ford Story*, for which she won an Emmy. But last year she was given one of her best parts, by her son, Nick Cassavetes, in his first film as a writer-director, *Unhook the Stars* (reviewed, left).

His decision to follow in his father's footsteps must have seemed at one time inevitable. "Our film sets were in our house a great deal of the time," Rowlands says. "The children couldn't get away from it if they tried. Cables all over the place and cameras and lights

and thousands of people cooking spaghetti in the kitchen. *Faces* (1968) was shot back and forth between my mother's house and our house and edited in the garage. John would have a string like a coat rack with the strips of film hanging on it. He didn't like the more modern editing techniques; if he couldn't let the film run through his hand he wasn't happy."

Nick made his screen debut at the age of 11, when Cassavetes Sr promised him some new toys if he would play with them on camera in *Husbands* (1970). When an accident ended his hopes of being a basketball player, he said he wanted to go to the American Academy, where both his parents had been. "Everyone should go to drama school," says Rowlands. "It's freeing and fun, and I think it helps you in anything that you do."

"I don't know that I gave him any advice except to say, 'Don't waste your time doing it unless it makes you happy.' Which happens a lot, especially in show

business. It's a dazzling life to look at, but it's got a lot of really difficult things emotionally."

In *Unhook the Stars* Rowlands plays a wealthy widow who strikes up an unlikely friendship with a working-class neighbour (Marisa Tomei) and her shy son, played by the six-year-old Jake Lloyd. "Kids are scene-stealers, no question about that, but it's very creative working with them."

More difficult was a moment which required her to hop into the cab of an 18-wheeler truck. "I had on a little skirt and high heels and the first step is above your eyebrows. I figured they would give me something to stand on and go for a close-up," Nick said. "No, mom, you can do it. Other people get in 'em, why shouldn't you? It was a little tricky."

Of working with her hus-



Gena Rowlands: "If an actress has two really exceptional roles in her lifetime, she's a lucky woman. I've had seven or eight"

band and her son she says:

"Their personalities are not alike. John's much more volatile and all over the place — noisier too. Nick is a bit quieter. He handles everything with humour. But one thing I notice is that they both adore actors and have the utmost patience with them. I was happy to see that and, believe me, it's not always the case."

"The main difference is that there was no improvisation in Nick's film. One day I didn't get one of the lines quite right. It would have passed in most places. But Nick is very precise about language. John, on the other hand, dictated his scripts. He very seldom wrote them down. He had a writing secretary who was with him for many years. It always amazed me. He had the most formidable memory I have ever encountered."

"He was one of the first to write speech as it is spoken on the street, at least in America. Writers very often are highly educated and they have taken

a lot of writing classes. Not only that — writers love words and they like to put them together in just the right way. But people don't speak like that necessarily."

Has she ever wanted to direct? "I don't see how anyone

has the patience to direct anything. I know it's a question of temperament but to me it would be torture. People ask you questions all day long, and not particularly interesting ones."

The art director is saying, "Do you think that the colour of this suit all right?" and the photographer is saying, "I think we should get the windows", and an actor is saying, "I don't want to wear make-up." These are questions that would make me want to shoot myself in the head. Not creative, wonderful questions about your character. So you have to have extreme love and patience, and I don't have that." Looking back at Gena Rowlands's magnificent work over the last 40 years, one might beg to differ.

through the brisk movements.

While the Jazz Suites were the result of the Soviet regime's attempt to neutralise the anarchically alien spirit of jazz, the Ballet Suites, containing a similar type of music, gather numbers from Shostakovich's ballets of the period. They contain genial, often witty, always attractive music, and Kitainko delivers them with a light touch.

## ■ CHORAL

Hilary Finch

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## A composer in rare good humour

## ■ ORCHESTRAL

Barry Millington

## ■ SHOSTAKOVICH

Jazz Suites 1 & 2; Ballet Suites 1 & 3

Frankfurt Radio SO/Kitainko

RCA Victor Red Seal 09026

66304 2, £14.99 \*\*\*

THE title Jazz Suite for the two sequences of dance movements assembled by Shostakovich in the 1930s is something of a misnomer. But even if the music is hardly "jazzy" in the accepted sense, it nevertheless shows the composer in rare good humour.

These polkas, waltzes and other dances are close to the idiom of Johann Strauss and Viennese operetta, though the occasional saxophone or accordion puts us in mind of the decadence of a later era.

Dmitri Kitainko and his

German forces have a nice line in suave melodiousness

and can also breeze confidently

and here recorded in the outstanding acoustic of St Jude's, Hampstead.

The great *Salve Regina* for double choir is gently inflected, yet moves with a strong impetus of ardour towards each "Salve" and each firm cadence. The Mass based on this eight-part antiphon follows, loud with sudden paeans of praise as tempo and metre shift. A carillon of Hosannas rings out in the Sanctus, matched only by the pealing Alleluias of the *Regina coeli*. Neglected hymns like the *Ave maris stella* are also included, with an effulgent *Alma redemptoris mater* and a muscular *Magnificat*.

The operatic selection on Memoir's wide-ranging disc does not always show him at his best, despite the support of artists such as the two Joans, Cross and Hammond, and Edith Coates. He needs time to get into his stride. The *Butterfly* duet is the pick because the soprano (Hammond) is first out of the starting gate. But give Booth a sentimental ballad such as *The Rose of Tralee*, Gerald Moore accompanying, and he is away. He puts a very un-American — and welcome — spin to Kern's *The Way You Look Tonight*. And he shows in Lehár's *Oh Maiden, My Maiden* that there were plenty of Tauber-esque reserves when needed.

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Few British singers exceeded him in popularity during the 1940s, although he appeared only a handful of times on

the stage in opera. His fame came

from variety and concert halls and, most especially, from

radio, often in partnership with his soprano wife Anne Ziegler. It was an ideal broad-

casting voice: light, fluent, each note easily linked to the one before. Booth, most Eng-

lish of tenors, always sang in his native language, savouring every syllable.

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# Becoming the jewel in her own crown

Lawrence James  
celebrates the Indian passion for politics

British India ended 50 years ago. Now, like James Froude's Middle Ages, it has become a "faded pageant", far distant and glimpsed through photographs of Simla tennis parties and confident salubs posing before the corpses of freshly-shot tigers. Or, there is the newsreel footage which opens each episode of *The Jewel in the Crown*. The King Emperor, George V, sits in an elaborate howdah on the back of a caparisoned elephant which carries him to a pavilion where he will receive the homage of rajas dressed in their gala finery. All around swarm plumed officials and turbaned soldiers.

The theatre of imperial power was awesome but deceptive. The Raj was always precarious. As one Victorian governor-general observed: "If each black man took up a handful of sand and by united effort cast it upon the white-faced intruders, we should be buried alive." Only with the passive acquiescence of the Indian masses and the active co-operation of hundreds of thousands of soldiers, clerks, policemen and village functionaries could the outnumbered British survive as rulers bent on the moral and physical regeneration of India. Behind the facade lay a scaffolding constructed from compromises. Over a third of India was governed by princes who had thrown in their lot with the conquerors.

Echoes of the spirit of quietism and collaboration can be found in Patrick French's fascinating, well-written and richly detailed survey of the Raj's dissolution. At Amritsar he discovered an old Indian lady who had been a child when Rex Dyer's soldiers shot down several hundred demonstrators in 1919. Her father, a professional man, had told her that those who died deserved to, simply because the general had banned all public meetings. But he had, at a stroke, severely bruised the moral reputation of the Raj and reinforced Gandhi's claim that, in essence, it was an ungodly imposition on the Indian people.

Like the British, Gandhi had a recipe for the salvation of India. They wanted to modernise, while he believed that all would be well once they had departed and his countrymen stayed in their villages, bartered, spun cloth, looked for the truth within themselves and had regular bowel movements. French's politely irreverent treatment of the Mahatma is a welcome step in the right direction of a thorough, unemotional reappraisal of a man whose saintliness captivated the peasant masses and whose political cunning astonished successive Viceroys. His greatest contribution to India's emancipation lay in his ability to step up the momentum of constitutional change and compel the British to recognise that the Indian National Congress was a power in its own right, greater even than that of their old allies the princes.

Concessions came slowly and Congress's appetite increased to the point where it would only be satisfied with complete independence. Pressure was exerted through mass protest campaigns



Amity masking division: Jinnah and Gandhi feign friendship after abortive talks in Bombay, 1944

which, despite Gandhi's pleas for non-violence, always turned nasty.

But the Raj had enough informers, policemen, and soldiers to hold the lid down. Gandhi temporarily disengaged the British, but he failed to make India ungovernable. Once it was clear that the Raj would be terminated, Indian collaborators began to make terms with the professional politicians who were destined to be their new masters.

Civil servants led the way in what became a scramble for power, although Clement Attlee, who gave the orders in 1947, naively hoped that the Raj would end with a dignified transfer of authority to governments which would remain stalwart friends of Britain. French rightly rates Mountbatten as a "bit part actor", a power broker with no power to dispense, which explains why he repeatedly deferred to those who possessed it. Whereas his predecessors had been driven by high principles, Mountbatten followed the chicanes of expediency. French tries hard to be fair, but the last Viceroy's record speaks for itself: the shameful treatment of the princes, his open hostility to the Muslims, the tampering with the Indo-Pakistani boundary and the failure to take adequate measures

**LIBERTY OR DEATH**  
India's Journey to Freedom and Division  
Patrick French  
HarperCollins, £20  
ISBN 000255711

**THE IDEA OF INDIA**  
By Saeed Khilnani  
Hamish Hamilton, £17.99  
ISBN 024113737

to forestall the Punjab massacres. Mountbatten saw things differently and spent the rest of his life putting himself as a Solomon ruler who achieved the impossible: a view not shared by his more reticent colleagues, Auchinleck and Ismay.

Much water has flowed under the bridge since the slaughter that marked the birth of India and, to judge from French's conversations with the survivors and their descendants, bitterness has vanished. The new state of India soon had other preoccupations which are the subject of Professor Khilnani's perceptive and stimulating study.

It is part of the history of India's first 50 years of independence and part a quest for a definition of what it is to be Indian.

He is at his most interesting when he traces the fortunes of democracy in India. It was a Western import, set down in a nation where the codes of caste obviated against equality. Democracy has flourished, the author argues, because Indians have a passion for politics, and the brief period of Mrs Gandhi's personal rule gave them sharp notice of what the alternative might be. The resilience of Indian democracy marks the country out from its Asian neighbours.

A common faith in democracy must be considered an ingredient of Indianness which Professor Khilnani often finds hard to pin down. The founding fathers of Congress had dreamt of a sense of nationality which transcended religion, caste and regional patriotism. But Muslim apprehension of a Hindu Raj succeeding the British shattered this vision and with it the geographical unity which the British had imposed. Today the drift is towards smaller partitions as the secular, right-wing state which the Nehru dynasty did so much to foster is being challenged. Political parties which are unashamedly Hindu in their appeal and the persistence of local particularism are opening up old fault lines. But the outlook remains favourable, just because Indians have such a strong attachment to democratic values.

There are also what Professor Khilnani calls "human skills": the talents of Indians, which have somehow permeated the balancing act that has held together a nation of such great diversity. Pragmatic good sense prevails over ideology, which is why Sikh separatists and Hindu nationalists can manage to work in tandem to govern Punjab. Like the Raj, contemporary India rests on a foundation of compact and bargains. There are few better ways to run a nation.

Lawrence James's *The Rise and Fall of the British Empire* is published by Abacus, price £9.99.

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which, despite Gandhi's pleas for non-violence, always turned nasty.

But the Raj had enough informers, policemen, and soldiers to hold the lid down. Gandhi temporarily disengaged the British, but he failed to make India ungovernable. Once it was clear that the Raj would be terminated, Indian collaborators began to make terms with the professional politicians who were destined to be their new masters.

Civil servants led the way in what became a scramble for power, although Clement Attlee, who gave the orders in 1947, naively hoped that the Raj would end with a dignified transfer of authority to governments which would remain stalwart friends of Britain. French rightly rates Mountbatten as a "bit part actor", a power broker with no power to dispense, which explains why he repeatedly deferred to those who possessed it. Whereas his predecessors had been driven by high principles, Mountbatten followed the chicanes of expediency. French tries hard to be fair, but the last Viceroy's record speaks for itself: the shameful treatment of the princes, his open hostility to the Muslims, the tampering with the Indo-Pakistani boundary and the failure to take adequate measures



Beyer: recording evil

## The soundtrack to a holocaust

Ian Brunskill

**THE KARNAU TAPES**  
By Marcel Beyer  
Secker & Warburg, £9.99  
ISBN 0 436 20382 0

For more than half a century now, Germany's Nazi past has been the dark, inexhaustible wellspring of the country's fiction. Marcel Beyer's virtuous new novel — his first book to be published in English and the work of a writer born 20 years after the Third Reich ended — can rank among the most vivid and unsentimental responses to the subject.

Mixing history with provocative invention, Beyer views Nazi Germany through the eyes of Hermann Karnauf. Or rather, he listens to it with Karnauf's ears. For Karnauf is a sound engineer of extraordinary skill and dedication. In the stadiums and rallying grounds of the Third Reich he amplifies the message of the chief of propaganda, manipulating the great manipulator's voice so that its lies are heard to best advantage. In occupied Alsace he plays his part in "linguistic culling", silencing any sound that is not German. Sent to the Eastern front, he crawls within earshot of death, listening for the whisper of enemy wireless through the thunder of the guns. Licensed to pursue his acoustic obsessions in the lethal laboratories

cancé, no sound too small to

figure on the soundtrack of his country's self-destruction. He captures the murmur of stifled dissent, the propagandist's rant, the bullying shout of command, the roar of popular approval, the rattle of parched tongues, the whimpering of children, the screams of the wounded, the laboured breathing of the crippled, the sneezes and wheezes and coughs of the sick, the snores of elderly sleepers, the silence of deaf mutes, the last gasps of the dying, the rasp of throats constricted in fear.

Karnauf's own voice — fas-

tidious, plausible and quietly

demented — alternates with

that of Helga, the teenage

eldest daughter of the (nameless but identifiable) Nazi

propaganda chief. Hers is a more

innocent, but no more reliable,

narration. "Herr Karnauf's the

only grown-up here who isn't

crazy," Helga thinks, once her

family's formerly privileged

world has shrunk to the

claustrophobic confines of a

dark underground bunker in

Berlin, where Karnauf has

been called to record a lost

leader's final ravings. And by

then it hardly matters whether

she is right.

the Thistle!" he once exclaimed about the honouring of one particularly uncouth Scottish peer. "Why, he'd eat it!" When someone suggested Melbourne take the blue ribbon of the Order of the Garter himself he was nonplussed. "It may attract to us somebody of consequence which nothing else can reach. But what is the good of my taking it? I cannot bribe myself."

With Lord David Cecil's sublime 1939 portrait primarily a work of literature rather than political analysis, and Philip Ziegler's superb 1976 life now out of print, this thorough and well-researched life will easily do for the next two decades.

Roger Boyes on one man's brush with the Stasi spies

MARKUS WOLF, retired communist spymaster, is on a tour of Germany promoting his memoirs. In a panel discussion the other day somebody asked him: "In which part of German society did you not have agents?" Wolf gave one of his unreliable smiles, took the compliment as compliment and said nothing.

Tim Garton Ash, one of the shrewdest contemporary observers of Germany and Central Europe, lived in East Berlin between January and October 1989. He was spied upon, has since been to see his Stasi secret police file and can answer some of the questions left open by the likes of Wolf. *The File* actually does much more than that: it is a scintillating, extended essay on the nature of memory. During his stay Germany and Europe were edging closer to disintegration, from one age to another: Garton Ash, undecided about the course of his life (historian, writer, journalist, spy?) was groping towards a decision. He came to Berlin as a bright postgraduate and left as a man with a powerful intellectual and emotional commitment.

Looking through his 325-page police file, he tries to reconstruct that period, comparing the Stasi's notes with his own diary entries. In truth there is not much meat in the Stasi sandwich. The reason is simple: the Stasi was fishing to see if Garton Ash was a British spy. He was not (though he toyed with an offer) and no amount of East German trifling could make a convincing case.

The book gains substance with his musings about life in an authoritarian system, its ethical boundaries. "What is it that makes one person a resistance fighter and another the faithful servant of a

dicatorship? This man Stauffenberg, that a Speer."

Tracking down the people who informed on him and their Stasi controllers, Garton Ash nibbles around this question. The informers reported on him for a range of motives: a British communist, brilliantly brought to life, seems to have shopped the author out of

**THE FILE**  
By Timothy Garton Ash  
HarperCollins, £12.99  
ISBN 0 00 255823 8

obscure vanity; others included a poisonous cultural apparatchik who traded travel privileges for her small betrayals; others were old communists, true believers or simply unable to learn new tricks. Some were blackmailed into collaboration but no one needed to be pushed very hard. His university supervisor appears to be an informer — but when Garton Ash probes harder, he finds the supervisor to be innocent, a victim of

*The File* is about the limitations of files. For German readers it will

be a useful corrective. They believe all too readily leakages from the two kilometres of files stored by the so-called Gauck authority in Berlin. There were, of course, huge numbers of Stasi informers but they remained a small minority: the number of people who withdrew into their shells, who tried to keep their distance from the secret police, was far higher. Stasi history is not the history of East Germany, nor are Stasi files a substitute for the real, complex biographies of the people who lived in that defunct state. The least satisfactory part of the book is Garton Ash's doorstepping of the Stasi officers who supervised his file. They have nothing left to say.

There may be an argument for winding down the Stasi archives, for concluding, with Ernest Renan, that a united nation bonds as much from the shared forging of divisions as from the manipulation of common symbols. But I agree with Garton Ash's judgment that Germany is best served by keeping the files open. There will never be any easy bridges between East and West Germans. This psychological gulf will not be narrowed by closing down Gauck and mothballing the files. It needs time, candour and healing.

Garton Ash's book resembles in

some ways the personal memoirs

now in vogue, that chronicle a

quest for a dead father. But

ultimately there will always be a

missing piece in *Where are you Dad* books. And so it is with *The File*. Garton Ash acknowledges the problem and passes on: "I am a father now. In just a few years time, my own sons will set off on that perilous journey between childhood and maturity, each to their own personal Berlin."

8

zoomed

the call

the will

## No children of men



Illustration of a damaged sperm: threat to human fertility

**T**his is not, as the title may suggest, a feminist tract, but a very significant book on the role of chemicals in possibly reducing our ability to reproduce. Cadbury tells a fascinating story of the science which has provided evidence that a wide variety of man-made chemicals are accumulating in our bodies with potentially serious effects on the incidence of cancer and the reduction of the fertility of males. It is a story based on extensive interviews with the scientists involved, and it provides an excellent picture of the scientific investigation of this complex problem which could affect us all.

The class of chemicals in the environment which could be dangerous for normal sexual development are those that can mimic the effect of the female hormone, oestrogen. These include the pesticide DDT and chemicals that are used to make plastics. They can be active at frighteningly low concentrations, but the real danger lies in the fact that they may not be destroyed by the body and so persist and accumulate. They could, in principle, both promote or repress the normal actions of oestrogens. "In principle" is important — it is very difficult to establish not only their effect but whether there is an effect at all. So while they could be the cause of the falling sperm counts in males — there are claims that it has fallen by almost half over the past 25 years — the statistics are complex and the results not universally accepted. But the evidence is persuasive.

Something very worrying is also occurring with the sexual identity of animals in the wild. Alligators in the Florida swamps seem to be changing sex. And one of Cadbury's heroes, Theo Colborn, working in the Great Lakes of the United States, found reproductive abnormalities in

wildlife ranging from mink to birds. But because the evidence is not conclusive with respect to the causes, the question of what to do remains difficult. To suggest banning all potentially dangerous chemicals is naive. The cost to society would be enormous, as they are so widely used for so

many products. As one of the leading scientists puts it: "To get rid of them would actually introduce a revolution, the like of which we have not seen before, in our way of living."

Her book raises issues that should make the anxieties that have been raised over the cloning of Dolly the sheep look less important than a mosquito bite. And one should ponder why all those biomaterials have taken so little interest. Could it be that, like the more than 3,000 deaths a year from motor cars, the issues are real, complex and uncomfortable and do not lend themselves to self-righteous pronouncements?

Lewis Wolpert

**THE FEMINIZATION OF NATURE**  
By Deborah Cadbury  
Hamish Hamilton, £17.99  
ISBN 0 241 13742

certain periods of her history." He once told an embarrassed Cabinet, going on to cite the Spanish Armada and the abortive 1798 French invasion of Ireland as instances. "The whole duty of government," he said, "is to prevent crime and to preserve contracts." Talk of this kind led Tories to trust Melbourne in a way they never could. Charles James Fox or Lord Russell.

Once he had grown out of

his Eton and Cambridge protec-

tion with Bonaparte, Mel-

bourne became a strong patri-

ot during the Napoleonic Wars.

His attitude towards Prince Albert's short-sighted

attempt to set up the monar-

chy as a national role model

John Grigg analyses how the relationship between two men determined the course of the Second World War



A partnership that was vital: Roosevelt and Churchill

## Victory after terrible risk

A vast literature has already been devoted to Anglo-American relations during the Second World War, and in particular the relationship between Franklin D. Roosevelt and Winston Churchill. The latest offering, from Professor Warren Kimball, covers extremely familiar ground, but it has the special interest of being the work of an expert on FDR as war leader (Kimball has written a separate book on the subject, as well as editing the Churchill-Roosevelt correspondence), and one who at least tries to give a balanced account of the President's actions and motives.

Kimball has a clear answer alike for admirers of FDR who believe that he did all that he could to bring his country into the struggle for freedom, as a full participant, and for critics who accuse him of plotting to undermine America's sound policy of neutrality. "What he wanted," the author writes, "was to gain victory

and global political influence without paying the price. He had followed that course since 1939, and there is every indication he would have continued that ambivalence until events overtook the policy."

The events occurred in December 1941, and Kimball is realistic about them — up to a point. He admits that Pearl Harbor did not, in itself, bring the United States into the European war, and might well not have done so but for Hitler's obliging declaration of war four days later. But he suggests that this followed automatically from the Tripartite Pact of September 1940 — "a serious miscalculation" by Hitler — which bound Germany and Italy to enter the war on Japan's side. In fact, however, it bound them to do so only if Japan was attacked. Hitler would have been acting within the letter, if not the spirit, of the Pact had he chosen to make a lofty, American-style declaration of neutrality in relation to the

FORGED IN WAR  
Churchill, Roosevelt  
and the Second  
World War  
By Warren Kimball  
HarperCollins, £25  
ISBN 0 00 251542 X

those militarists did not have to make a direct attack on the United States in order to break the oil embargo. They could have obtained oil by occupying the Dutch East Indies, an outpost of European colonialism. Would the Senate have sanctioned a declaration of war on Japan in such an event?

Since FDR wisely perceived Hitler as the greater threat to America, and had therefore kept American neutrality — without abandoning it — for the purpose of supporting those who were fighting Hitler, it is very strange indeed that he should have gratuitously provoked the Japanese as he unquestionably did, and even stranger that Churchill should have encouraged him in doing so. The consequences of this policy could easily have been disastrous for the United States, and literally fatal for Britain.

The actual outcome — that America was attacked by Japan, and then subjected to a

declaration of war by the European Axis powers — was in no way predictable, but utterly providential. The war became a world war, with America comprehensively involved, and FDR was free to pursue his policy of beating Hitler first. Kimball does not consider all that might have happened in December 1941 had our enemies acted differently. FDR, with Churchill's backing, took appalling and quite unnecessary risks in the Far East. Fortunately for him — and for all of us — his folly was far surpassed by that of the Japanese leaders, and then by Hitler's.

Kimball treats FDR and Churchill as men of roughly equivalent stature, even saying that they were both "masters of the English language". One might suggest that Churchill, for all his flaws, was by far the greater man, but that he had to contend with the fact that FDR was presiding over by far the more powerful country.

STUART ROBERTSON

EVER since it was published a couple of months ago I have been dipping with pleasure and profit into *Pleasures of the Imagination: English Culture in the 18th Century* (HarperCollins, £30). John Brewer's enthralling exploration of the roots of English high culture, I shall also take with me the incomparable Anne Tyler's *Breathing Lessons* (Vintage, £15.99), the novel which won her the 1989 Pulitzer Prize, but which I missed at the time.

BEL MOONEY

I AM reading masses of Australians in preparation for my next novel. I would take *Poor Fellow My Country* (HarperCollins, only available in Australia), an Australian classic by Xavier Herbert, which is huge. Also, Ted Hughes's *Stories From Ovid* (Faber, £7.99).

LAURENCE NORFOLK

RACHEL CUSK'S latest novel, *The Country Life* (Picador, £15.99), is hilarious and anarchic. *L'Amateur de Cuisiné* by Jean-Philippe Derenne is an impassioned polemic about consumption disguised as a rather good cook book. A willfully eccentric magnum opus, it is — unfortunately — written in French and over 1,000 pages long. One's holiday books should always include something that one has no intention of finishing.

ROGER SCRUTON

SUMMER is the time for recuperation and reflection, hence the time for re-reading, preferably among woods and fields and certainly not on the beach. Among books that I have recently re-read I recommend the following: Conrad's *Nostromo* (Penguin, £4.99), that wonderful examination of mafioso politics and of the nobility and apathy of the English public spirit; J. Kennedy Toole's *A Confederacy of Dunces* (Penguin, £6.99), surely one of the most underrated satires of our century; and *Dr Faustus* (Minerva, £7.99) by Thomas Mann.

ANTHONY STORR

I WILL be taking Theo Richardson's *Konin: A Quest* (Vintage, £8.99); *The Underdark* by Thomas Lynch (Cape, £9.99) and *Isaiah Berlin's Sense of Reality* (Cham, £20).

PETER STOTHARD

THREE partly read books with guaranteed pleasure to come: Joseph Brodsky's *Less Than One* (Penguin, £9.99), the poems of Propertius (Penguin, £6.99) and John Brewer's *Pleasures of the Imagination*.

SARA WHEELER

I HAVE recently read two real treats: *Serpent's Paradise*, by Dea Birkin (Picador, £10.99), the only other travel writer of my generation who makes money out of it. I don't see her as a threat but as banting for the same team. Also Jeremy Lewis's *Cyril Connolly: A Life* (Cape, £25) a fat tome ideal for immobilised, heavily pregnant women like me.

MARIANNE WIGGINS

I WOULD recommend *Small Gods* by Terry Pratchett (Corgi, £5.99). And Katherine Graham's autobiography *Personal History* (Weidenfeld & Nicolson, £25). She was wonderful on *Start the Week*.

More summer reading in Saturday's Directory

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## Doomed by the call of the wild

Malcolm Bradbury on a writer whose adventures have overshadowed his work

L iterary travellers to the old Soviet Union and Eastern Europe were often startled to be told by their hosts that — in the century of Hemingway, Faulkner, Stein, Fitzgerald, Dos Passos — the greatest modern American novelist was, naturally, Jack London. Mostly remembered in the West for his adventurous tales of the Yukon, the South Seas and the wild, and for a prodigiously productive writing career partly supported by buying in plots from other writers, Jack London had long since slipped down the pecking order of American literature.

In his day (1876-1916), London achieved a formidable reputation, as much for his impassioned socialism as for his literary novels and stories. Like H. G. Wells in Britain, he was a writer for his times: that daring, adventurous, dangerous dawn of the 20th century, when revolutionary socialism and the application of science to social problems joined the conviction that the modern age was everyone's for the asking. Like Wells, he was an autodidact, a self-taught hero who preached from books (Darwin, Nietzsche, Marx, Herbert Spencer) and with his own flamboyant life adventure. Like Wells, he offered global solutions, while operating as a free-thinking individualist, a very entrepreneurial capitalist of writing. In the end he made over a million dollars from writing, and published over 50 books, from 1900, when he started effective publishing, to 1916, when he committed suicide.

It's an odd irony of American literature that two bold figures who pointed in opposite directions were born within two years of each other and grew up in Oakland, California. For Gertrude Stein, Oakland was "food and books, books and food", a place where she learnt to be "everlasting". She went on from there to

JACK LONDON  
A Life  
By Alex Kershaw  
HarperCollins, £20  
ISBN 0 00 255859 9

As he quickly realigned himself, London's life was always worth the telling, and it was as much adventure story as a literary matter. Many of his best books — *Martin Eden*, *John Barleycorn* — are a form of grand self-romancing, and many of the others gain their weight and strength from the brute experience of the author's life. His biography has been often written, from a variety of perspectives. Philip Foner emphasised the political rebel; Irving Stone saw its fictional potential.

Now Alex Kershaw, a British journalist who has re-researched the material, sees him as an inspirational figure, a real literary hero in an age short of heroes. Though the tale is mostly familiar, Kershaw tells the human — or, for London, "superhuman" — story — well, admiring the man but not ignoring his many contradictions.

For, from his sudden emergence as a writer on the century's turn, London was a contradictory figure. His early success was as a writer of Yukon stories, a teller of tales of survival and



the laws of nature. But a journalistic commission sent him by chance to live for seven weeks in the urban jungle of the East End of London; the result was the highly successful *The People of the Abyss* (1903). The author appears as an impassioned socialist, observant reporter, and Nietzschean superman, stalking the jungle in disguise. It was promptly followed by *The Call of the Wild*, still his most famous book, the tale of the dog Buck, who becomes a primal killer, leader of the pack, the "dominant primordial beast". It was an adventure for strenuous, Rooseveltian times, reaching, like many deeply American novels, into the world beyond the constraining rules of civilisation.

This was the age of the writer-journalist (nearly every writer did a stint at one of the battlefronts) and Kershaw is good on London's enterprise, and his excesses, in the Russo-Japanese war. He confirmed his fame with *The Sea Wolf*, only to begin on a depression and a self-disillusionment that was to dog him thereafter. Socialism was on the rise in America;

London now became its most famous, crowd-pulling spokesman, supporting not only melioristic reform but violent revolution (*The Iron Heel*). At the same time he was gradually withdrawing, to his mountain ranch and the call of the sea. Hence the voyage of the over-expensive *Snark* — his attempt to repeat the idyllic Pacific journeys of Herman Melville and Robert Louis Stevenson.

It was, in its way, the beginning of the end. Paradise was not paradisiacal, serious illness struck, Jack lost his "inerradicable smile". Like many man-of-action writers, not the least of them Hemingway, London was beginning to exhaust his resources. Kershaw carefully and persuasively traces the later phases of the fame and the decline: writing just a job, the rewards never matching the dreams: "world-sickness", pessimism, physical decay. Deeply ill with uremia, he committed suicide at 40. Never the great writer he was thought in Russia, he was no negligible one either, and Kershaw's book, the lively story of a vitalistic life, should help us look at him again.

## Poets score despite gloom

Michael Hofmann

THE MARBLE FLY  
By Jamie McKendrick  
CUP, £6.99  
ISBN 0 942325 5  
GOD'S GIFT TO WOMEN  
By Don Paterson  
Faber, £6.99  
ISBN 0 571 1772 X

It's been an open secret that the best poetry written in these islands in the last 20 years or so has been by Irishmen. What is new, though, is that the better younger British poets — Jamie McKendrick and Don Paterson among them — have begun to learn from it. In both, I can hear the cool syntactical windings of Paul Muldoon, the Pied Piper of our day. Further, McKendrick has adopted some of the scatty concision of Tom Paulin and the tactile sonorities of Seamus Heaney. While in Don Paterson there are the clever glooms and charmed lightnings of Derek Mahon and Louis MacNeice: he has a poem about *Baldowan* that bears comparison with MacNeice's great *Soap Suds*.

The *Marble Fly*, McKendrick's third collection, is consistently excellent. An appealingly dry and musical voice takes the reader through a debate with a bicycle, the morning after a vintage car ("RIP Wolsey 1500, MOT failure cum laude"), a humbling encounter with an upscale hotel, hitching rides from long-distance psychopaths ("The HG man done for GBH") and a rash tangle with an ivy plant.

A lot of British poetry of the moment is like this dwelling on the scruffy and inglorious, self-deprecatingly funny, snatching small defeat from the jaws of small defeat. It has, to coin a word, a "commissarist" tendency. Where McKendrick scores is in his expert salvaging of beauty from squalor, wit from adversity, delicacy from grossness. There is not a poem in the book that is not immediately attractive, well-turned and well-crafted. The connections between the poems — an occasionally overlooked part of book-making — are also noticeably well thought-out.

Don Paterson made his debut as a poet with *Nil Nil* in 1993. The title poem, about the infinite slide of a Scottish football team into abjection



Gregor Mendel: father of genetics, ignored in his day

Lisa Jardine

MENDEL'S DWARF  
By Simon Mawer  
Doubleday, £15.99  
ISBN 0 385 40897 8

huge irony for Lambert himself in cracking the DNA code which identifies the cause of his own grotesquely deformed body he risks signing a death warrant for people like himself. Simon Mawer's *Mendel's Dwarf* is a gripping, life and death exploration of this dilemma, worked out with painful precision in the novel's intricate and flawless plot.

Reproduction is constantly on Ben Lambert's mind. For his sexual drive is in no way diminished by his stature, and his vivid imagination is triggered by mere glimpses of female flesh, glimpses which his low vantage readily affords: "I am an expert on legs. I live at the level of legs." Most such moments provide Ben with only fantasy fulfillment. But when his longstanding tragic-comic relationship with the aptly named Jean Pierce is eventually consummated, the issue of the genetic

transmission of dwarfism becomes a nail-bitingly urgent one. Alongside Lambert's own story Mawer unfolds a parallel one, equally poignant in its loneliness and disappointment — that of Gregor Mendel, the father of genetics, and Benedict's distant relation. Like Lambert, the monk from Brno inhabits a world of petty failure and sexual frustrations, with scientific research his only solace. Unlike Lambert, Gregor Mendel does not even have the satisfaction of recognition by his scientific peers — his eight years of painstaking experiments on the inherited characteristics of peas are ignored during his lifetime and his genius goes unrecognised until 30 years after his death.

In Mawer's ingenious tale, Benedict's life and that of his great-great-uncle Mendel criss-cross and interweave, heightening the reader's understanding of both men's minds and of the intricate beauty of fundamental genetics. It is a tribute to the artistry of *Mendel's Dwarf* that the denouement is at once brutally unexpected and yet at the same time all-too predictable.





## Interim relief in support of foreign case

Credit Suisse Fides Trust SA v Cuoghi

Before Lord Bingham of Cornhill, Lord Chief Justice; Lord Justice Millett and Lord Justice Potter

Judgment June 11

On an application under section 25 of the Civil Jurisdiction and Judgments Act 1982 for interim relief in support of foreign civil proceedings, the focus of the English court's attention was the expediency or otherwise of granting relief having regard to the absence of its jurisdiction apart from section 25 over the subject-matter of the substantive proceedings in question.

On any such application, the court had accordingly to recognise that its role was ancillary to and supportive of that of the court seized with the substantive proceedings.

Where a world-wide Mareva (asset-freezing) injunction was sought against a defendant to foreign civil proceedings who was resident and domiciled in England, the fact that the English court's jurisdiction derived solely from section 25 did not of itself make it inexpedient to grant world-wide, as distinct from domestic, relief.

The Court of Appeal so held dismissing an appeal by the defendant, Mr Sergio Cuoghi, from Mr Justice Mance who had refused to discharge a world-wide Mareva injunction and associated disclosure order granted in favour of the plaintiff, Credit Suisse Fides Trust SA, under section 25 of the 1982 Act in aid of its claim in civil proceedings brought in Switzerland, alleging the defendant's complicity in the misappropriation of US \$2.4 million by one of its employees.

The Court of Appeal also dismissed the plaintiff's cross-appeal from the judge's order directing the defendant to swear an affidavit defining the scope of his claim that disclosure would incriminate him in Swiss criminal proceedings.

The defendant, who was resident and domiciled in England, carried on business here, was alleged to have assets in other jurisdictions but, since he was not resident in Switzerland, the Swiss court had no power to order him to disclose their whereabouts.

## Liability need not be fixed before damages limited

Caspian Basin Specialised Emergency Salvage Administration and Another v Bouygues Offshore SA and Others

Before Mr Justice Rix

Judgment April 30

It was not necessary for liability to be established or admitted before a limitation action under the Merchant Shipping Act 1995 could be commenced, or a declaration of limitation obtained.

Mr Justice Rix so held in the Admiralty Court of the Queen's Bench Division in a reserved judgment, *inter alia*, granting the plaintiffs' applications for declarations limiting their liability, if any, in connection with the loss of a barge owned by the first defendant, Bouygues Offshore SA.

The barge was being towed to Cape Town, South Africa, pursuant to a charterparty between Bouygues and Ultisol. The tug was owned by Caspian and chartered by Ultisol. The barge was lost off the coast of South Africa.

The 1982 Act, as amended by the Civil Jurisdiction and Judgments Act 1991, incorporated the Lugano Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters of 1988 which extended to its contracting states the principles of the Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters of 1968 also incorporated by the 1982 Act.

His Lordship could not accept the defendant's submission that it was inappropriate to exercise the section 25 jurisdiction to grant a world-wide Mareva in support of the subject matter of the substantive proceedings held within the scope of the Brussels Convention. The High Court had jurisdiction under section 25(1) to grant interim relief.

By section 25(2) the court on such an application might refuse to grant relief if, in its opinion, "the fact that the court has no jurisdiction apart from this section in relation to the subject-matter of the proceedings in question makes it inexpedient for the court to grant it".

Mr Michael Briggs, QC, for the defendant, Mr Jeffery Onions for the plaintiff.

LORD JUSTICE MILLETT

having referred to article 24 of the Lugano Convention, authorising the grant of interim relief in present circumstances, section 25 of the 1982 Act and to the recent extension to the court's jurisdiction provided by the Civil Jurisdiction and Judgments Act 1982 (Interim Relief) Order [1997] No 302, said that the wording of section 25(2) was inelegant and perhaps not readily susceptible to close textual analysis, but its meaning was tolerably plain.

On an application for interim relief under subsection (1) the court was not bound to grant relief but might decline to do so if its opinion the fact that it was exercising an ancillary jurisdiction in support of substantive proceedings elsewhere made it inexpedient to grant it.

It was the ancillary or subordinate nature of the jurisdiction rather than its source which was material and the test was one of expediency.

The structure of subsections (1) and (2) in the way in which their scope had been progressively widened indicated a parliamentary

intention that the English court should in principle be willing to grant appropriate interim relief in support of substantive proceedings taking place elsewhere and that it should not be deterred from doing so by the fact that its role was only an ancillary one unless the circumstances of the particular case made the grant of such relief inexpedient.

His Lordship could not accept the defendant's submission that it was inappropriate to exercise the section 25 jurisdiction to grant a world-wide Mareva in support of the subject matter of the substantive proceedings held within the scope of the Brussels Convention. The High Court had jurisdiction under section 25(1) to grant interim relief.

The order operated in personam. It was a strong thing to restrain a defendant who was not resident within the jurisdiction from disposing of assets outside the jurisdiction.

But where he was domiciled within such an order could not be regarded as exorbitant or as going beyond what was internationally acceptable.

To treat it as such merely because the substantive proceedings, including in particular the court's jurisdiction over the defendant, would be contrary to the policy informing article 24 and section 25.

Where a defendant and his assets were located outside the jurisdiction of the court seized of the substantive proceedings it was most appropriate that protective measures should be granted by those courts best able to make their orders effective.

In relation to orders taking direct effect against the assets, that meant the courts of the state where they were located; and in relation to orders in personam, including disclosure orders, that meant the courts of the state where the person enjoined resided.

While recognising that an ancillary jurisdiction ought to be exercised with caution and that care should not be taken not to make orders which conflicted with those of the court seized of the substantive proceedings, his Lordship did not accept that interim relief should be limited to that which would be available in the court trying the substantive dispute, or that by going further the English

order would be seeking to remedy defects in the laws of other countries.

The principle which underlay article 24 was that each contracting state should be willing to assist the courts of another contracting state by providing such interim relief as would be available if its own courts were seized of the substantive proceedings.

By going further than the Swiss courts would be prepared to go in relation to a defendant resident outside Switzerland, the English court would not be seeking to remedy any perceived deficiency in Swiss law but rather to supplement the jurisdiction of the Swiss courts in accordance with article 24 and principles which were internationally accepted.

His Lordship referred to the defendant's reliance on *Rossetti v Oriental Commercial Shipping (UK) Ltd* [1990] 1 WLR 1357, which was not a section 25 case, and *S & T Baurding v Nordfjord* (unreported, July 23, 1996; CA Civ Div) [1997] No 1018 (1996) which did concede section 25, for the proposition that the English court should only make orders having extra-territorial effect in aid of foreign substantive proceedings in "very exceptional circumstances".

In the latter case the court appeared to have given no consideration to the terms of section 25(2), to the question whether the making of a world-wide order would have been inexpedient, to the fact that the defendants were domiciled in England or to the absence of conflicting jurisdictions.

It was regrettable that a gloss had been placed on the words of section 25(2). The question for consideration was not whether the circumstances were exceptional but whether it would be inexpedient to make the order.

Where application was made for interim relief in ancillary proceedings two considerations which were highly material were the place where the person sought to be enjoined was domiciled and the likely reaction of the court seized of the substantive dispute.

Where a similar order had been refused by that court it would normally be wrong to interfere but where the other court lacked jurisdiction to make an effective

order it was not.

It was the right of the court to grant such relief if it was in England and so liable to effective enforcement of an order made in the primary court, that is, the court seized of the substantive proceedings, or would give rise to a risk of conflicting, inconsistent or overlapping orders in other courts.

It might weigh against the grant of relief by the English court that the primary court could have granted such relief and had not done so, particularly if it had been satisfied of facts which proved its grant of the other offence.

But it might obviously weigh heavily, probably conclusively, against the grant of interim relief if such grant would obstruct or hamper the management of the case by the primary court, that is, the court seized of the substantive proceedings, or would give rise to a risk of conflicting, inconsistent or overlapping orders in other courts.

In the latter case the court might weigh against the grant of relief by the English court that the primary court could have granted such relief and had not done so, particularly if it had been satisfied of facts which proved its grant of the other offence.

But it might be thought to weigh in favour of granting such relief if that a defendant was present in England and so liable to effective enforcement of an order made in the primary court.

On any application under section 25 the English court had to recognise that its role was subordinate to and had to have regard to that of the primary court.

Lord Justice Potter agreed with both judgments.

Solicitors: Judge Sykes Prison: Clifford Chance.

Miss Sarah Munro, who did not appear below, assigned by the Registrar of Criminal Appeals for the appellant, Mr G. M. Mercer for the Crown.

LORD JUSTICE WALLER, giving the judgment of the court, said that following the decision of the House of Lords in *R v Preddy* [1996] AC 819, which demonstrated that despite the appellant's admitted dishonesty no offence under section 15(1) could have been committed, he applied by the grant of relief the English court did not tread on the toes of the primary court or any other court involved in the case.

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On any application under section 25 the English court had to recognise that its role was subordinate to and had to have regard to that of the primary court.

Lord Justice Potter



GOLF: DEFENDING IRISH OPEN CHAMPION KEEPS EYES ON THE PRIZE

## Montgomerie gets the buzz

FROM JOHN HOPKINS, GOLF CORRESPONDENT, IN DUBLIN

THE professional golf season in Europe has reached its midway point somewhat bedraggled and with shoes squelching after the wettest June since the days of hickory shafts, yet there has been no dampening of spirits raised by the prospect of watching many of the world's best golfers compete in tournaments in Ireland and Scotland over the next three weeks. There is a buzz in British sport and notwithstanding the fact that the golf action this week centres on the Murphy's Irish Open, 20 miles south of Dublin, this buzz is evident in golf, too.

This is what politicians call the "feel-good" factor. It is due, in part, to Colin Montgomerie's performance in the US Open last month, in part to the reflected glory from the success of tennis players at Wimbledon and the British Isles rugby team in South Africa and also to the mouth-watering prospect of the Ryder Cup, which is now less than three months away.

"It's great the success that British sportsmen are having at the moment," Montgomerie said. "The British Lions were fantastic. What they have

achieved away from home has been fantastic."

Montgomerie watches sport on television not only because he enjoys it but because he likes to see how other leading competitors conduct themselves. "It is good for me," Montgomerie, who is a tennis enthusiast and shares the same management company as Tim Henman, said. "You can learn from watching others and I can apply it to my own game."

Montgomerie is the defending champion here at Druid's Glen and he gives the course high marks for its condition and the degree of difficulty it offers. "This is Ireland's biggest international sporting event and it is taking place among a good field on a quality golf course. That is good to see — and I am in a good frame of mind."

This is an important three weeks for Montgomerie. Next week comes a tournament at Loch Lomond that has attracted a stellar field to a magnificent golf course north of Glasgow and the week after is the Open Championship at Royal Troon, the course that Montgomerie knows best in

STANDINGS		
1 Ian Woosnam (Wales)	886.04	92
2 J. Woods (Ireland)	458.365	82
3 D Clarke (N Ire)	410.300	64
4 B Langer (Germany)	395.100	59
5 J. Sorenson (Denmark)	351.725	72
6 P. J. Johnson (Ireland)	318.250	37
7 M. A. Martin (Spain)	317.800	65
8 T. Bjorn (Denmark)	281.914	65
9 J. A. C. (Ireland)	231.933	47
10 P. Broadhurst (England)	230.844	65
11 J. M. Olazabal (Spain)	224.707	57
12 J. Gammie (Ireland)	212.807	22
13 P. McBeth (Eng)	188.210	67
14 M. James (Eng)	185.200	63
15 J. A. C. (Ireland)	182.200	63
16 D. Gilford (Eng)	181.130	65
17 P. Harrington (Ireland)	178.97	62
18 J. van de Velde (F.R.)	178.97	62
19 R. Chapman (Eng)	175.077	62

the world. His father, James, will retire as secretary there after the Open.

Montgomerie and the Irish Open are a natural partner ship, but there is no such harmony between Montgomerie, who has missed the cut at four of the last five Opens, and the game's oldest championship. As Troon approaches and the pressure on him increases, he is visibly erecting his defences. "No Troon questions, please," he said. "I don't want to be thinking about Troon until I get there."

It is rare, these days, for

Nick Faldo to be present at three successive events in Europe. His sights are set on the Open and he has begun his preparations with thoroughness. Since returning to these shores after the US Open, he has played at Royal County Down, in Northern Ireland, and Royal St George's, Sandwich, to reacquaint himself with links golf.

"Hitting a ball in the wind woke me up," Faldo said. "In the US, you cut your shots into the wind. Here, you have to aim ten yards to the right of the target and cut the ball."

Faldo also hopes that, by playing well these next three weeks, he will boost his position in the Ryder Cup points table. At present, he lies 26th and after the Open he will compete in only one more counting event, the US PGA. There is no likelihood of Faldo being left out of the team, but Severiano Ballesteros, the Europe captain, would prefer to win his place on merit rather than relying on one of the captain's two selections. A win in the Irish Open, which would be Faldo's fourth, would be a big step in the right direction.



Hodgson acclimatises at Ewood Park yesterday before taking up his managerial responsibilities



THE TIMES THURSDAY JULY 3 1997

## FOOTBALL

### Hodgson strikes quickly with bid to enlist Dahlin

By PETER BALL AND RUSSELL KEMPSON

THREE months after accepting the job, Roy Hodgson finally took over as manager of Blackburn Rovers yesterday. He wasted little time in making his presence felt, broadcasting the early arrival of Martin Dahlin, the Sweden striker, and registering an interest in Paul Ince.

Dahlin is expected to join Blackburn within the next few days for a fee of about £2 million. Dahlin, who has scored 27 goals in 51 appearances for Sweden, is registered with AS Roma, but spent most of last season on loan in Germany with his former club, Borussia Mönchengladbach, who also want to sign him.

Hodgson, however, is confident of getting his man, having had a strong influence on Dahlin's early career at Malmö. "We're very close to an agreement we've already had permission to talk to Martin and I think he'll be a very interesting signing," Hodgson said. "He's 29 and at the height of his powers. He has many good years left and has accumulated some excellent experience in the five years since he left Sweden."

Of Blackburn's ambitions, Hodgson said: "Our target is to get into the Uefa Cup this season. I wouldn't have come if Jack Walker [the club's owner] and Robert Coat [the chairman] had not convinced me that they still have the ambition and the commitment to regain Blackburn's place as a leading Premier club."

The signing of Ince, who played for Hodgson at Internazionale last season, would help, but although Hodgson has told Massimo Moratti, the Inter president, that he would like Ince if the player decided to leave Italy, he seems likely to be too late.

Ince was having talks with Liverpool yesterday and is still expected to join the Merseyside club.

Dean Sturridge, whose 14 goals last season helped Derby County to retain their FA Carling Premiership status, has asked for a transfer. Derby have agreed to his request, but will be looking for a fee of about £7 million before he is allowed to leave. Sturridge, 23, feels that he needs a bigger stage, even though Derby will play in a new 30,000 all-seater stadium from next month.

Middlesbrough reiterated yesterday that they had yet to receive a written bid from Atlético Madrid for Juninho, their Brazil midfield player. Despite claims from Atlético that they had made an improved offer of £12.5 million and that the player had agreed to sign for them, Middlesbrough maintained that they had accepted only Tottenham Hotspur's valuation of £11 million.

"At the moment, it's immaterial whether any other bids have come in from anywhere else," Keith Lamb, the Middlesbrough chief executive, said. "If Spurs can reach agreement with Juninho, he will be their player."

Andy Johnson, the Norwich City midfield player, completed a £22 million move to Nottingham Forest yesterday, while Cen Hughes, the Luton Town midfield player, is expected to join Wimbledon today for £750,000 if he passes a medical examination.

Ireland bowed out of the world youth championship in Malaysia yesterday when they were beaten 1-0 by Argentina, the champions, in the semi-finals. Uruguay will be Argentina's opponents in the final.

## FOR THE RECORD

### ATHLETICS

**CHERSBOURG**, France: Sean Hartnett (Ireland) 200m 22.10; Michael Johnson (USA) 200m 20.00; France 757-3; England: 1,000m 3000m 2. France 757-3; England: 718/4; China 827; 5; Algeria 824; 6; Spain 876; 7; Italy 782; 8; France 823; 9; South Africa 783; 10; China 826; 11; Scotland 783; 12; Ireland 824; 13; Australia 1.

### HOCKEY

**Tour matches** US South XV 3; Wales XV 94 United States South Representative XV: Dropped goal: De Kock, Wales XV; Trials: W. Wyllie, James G. Morgan (Ireland); G. Thomas (Ireland); C. Wylie, G. Thomas (Ireland); Converses, Jarvis (Ireland); 21; Scotland XV 21.

### RUGBY UNION

**BASEBALL** US South XV 3; Wales XV 94 United States South Representative XV: Dropped goal: De Kock, Wales XV; Trials: W. Wyllie, James G. Morgan (Ireland); G. Thomas (Ireland); C. Wylie, G. Thomas (Ireland); Converses, Jarvis (Ireland); 21; Scotland XV 21.

### SAILING

**BY GLOBE CHALLENGE** Sixth leg: Boston to Southampton (position at 10.00hrs): 1, 200m 2.800; 2, Tonica Wave Warmer 2.657; 3, Concert 2.557; 4, Group 2.556; 5, Motoria 2.555; 6, Seve 2.552; 7, Concorde 2.551; 8, Ocean Rover 2.552; 10, Courtauld Int 2.554; 11, Global Transport 2.554; 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 66

RACING: MOOD OF RECONCILIATION LEADS ROA TO ENTER DIALOGUE FOR IMPROVED FUNDING

# Owners seek better relations with courses

By RICHARD EVANS, RACING CORRESPONDENT

**THE** first public sign that racing's diverse and often warring factions may be prepared to forget their differences and concentrate on the sport's best interests emerged at the annual meeting of the Racehorse Owners Association (ROA) in London yesterday.

Too often the ROA gathering is an excuse for internal bickering, settling old scores and giving vent to well-worn prejudices. Only 12 months ago, Lord Wakeham, chairman of the British Horseracing Board (BHB), and Peter Savill were involved in a typically undefining exchange.

However, a much-needed wind of change appears to be blowing through racing's corridors of power and yesterday owners concentrated on the sport's long-term problems and objectives, while their leaders disclosed a thaw in relations with Britain's 59 racecourses.

The enmity which has tended to exist between the two groups is borne out of a belief by owners that racecourses

contribute little to prize-money totals and profit at their expense, with the help of a generous levy subsidy. Owners also look enviously at the way racecourses receive £12 million a year from SIS for the right to beam pictures of races into the nation's betting shops.

The media rights for such pictures, it has been argued, should belong to owners of the

**RICHARD EVANS**

**Name:** ZAMHAREER  
(2.50 Catterick)  
**Next best:** Snow Kid  
(3.00 Folkestone)

performing horses rather than the tracks and there have been dark mutterings of legal challenges and court action.

However, after a series of informal meetings, involving racecourses, owners, breeders and trainers, a distinctively more co-operative mood is now prevalent. The appearance of Angus Crichton-Miller, the new chairman of

the Racecourse Association (RCA), as guest speaker at yesterday's annual meeting and the reception he received, was testimony to the new relationship.

He quickly won over his audience by aligning himself with the progressive within racing, who believe the sport needs "radical solutions" and the injection of a further £100 million in revenue.

On the thorny issue of media rights, he said exploitation was the key issue rather than who owned them. "Everyone will have a view as to whether they have been exploited well in the past."

Peter Savill, the incoming president of the ROA, reciprocated the change in attitude by distancing himself from those who believed racecourses did not put sufficient cash into prize-money and should face a legal challenge over ownership of media rights.

The key alliance in racing is the one between the racecourses and the owners so we can solve all these problems by sitting down and having a dialogue and working to-

wards the common good of racing," he said.

If the new partnership forged between racecourses and the sport's other key groups flourishes, the implications are considerable, not least when the present SIS contract expires in 2002.

Savill added: "We all have a common goal to try to improve the funding of racing. We should not be involved in a tug of war. There has been too little dialogue between key organisations in the past."

The success of recent behind-the-scenes talks casts further doubt on the role of the BHB's industry committee, chaired by Matthew McCloy. Several BHB members would like to see its wings clipped.

Gerald Leigh, a leading owner-breeder, commented: "The four new members on the BHB — Peter Savill, Angus Crichton-Miller, Rhidian Morgan-Jones and Andrew Parker-Bowles — will make a tremendous difference to the way things happen. The industry committee should be just an advisory body, while the board gets on and leads."



Savill believes there is a common goal to improve funding

## CATTERICK

**THUNDERER**  
2.20 Shires Girl, 2.50 Zamhareer, 3.20 Walkabout, 3.50 High Spirits, 4.20 Sharp 'N' Shady, 4.50 William's Wall.

**GOING: GOOD TO SOFT** SIS  
**DRAW: 5F-7F, LOW NUMBERS BEST**

## 2.20 SAINT-CLOUD SELLING STAKES

(2-Y-O; £2,303; 5f) (15 runners)

1 008 ANGRY ALBERT 7 (V) C. Smith 6-11 G. Lowther (7) 1  
2 004 GENERAL JEST 7 (D) M. Smith 6-11 P. Murphy (7)  
3 004 HAYBURNER 6 (M) W. Emery 6-11 T. Lester (7)  
4 004 WILFRED SHERMAN 6 (D) J. Barry 6-11 P. Murphy (7)  
5 015 CANDY TWIST 7 (M) R. Rostron 6-11 J. Codd (7)  
6 008 CANDY TWIST 7 (M) R. Rostron 6-11 J. Codd (7)  
7 008 DISPOL EMERALD 5 (M) K. Ratner 6-11 P. Murphy (7)  
8 009 ESB TREASURE 7 (M) W. Emery 5-11 D. Holland (7)  
9 010 ESB TREASURE 7 (M) W. Emery 5-11 D. Holland (7)  
10 011 SHARP PET 5 (D) M. D'Arcy 6-11 J. Egan (7)  
11 009 SHARP PET 5 (D) M. D'Arcy 6-11 J. Egan (7)  
12 009 SHARP PET 5 (D) M. D'Arcy 6-11 J. Egan (7)  
13 009 SHARLES GIRL 6 (M) S. Ward 6-11 N. Kennedy (7)  
14 009 TALAREK 6 (M) S. Ward 6-11 N. Kennedy (7)  
15 009 TALAREK 6 (M) S. Ward 6-11 N. Kennedy (7)  
16 009 TALAREK 6 (M) S. Ward 6-11 N. Kennedy (7)  
17 009 TALAREK 6 (M) S. Ward 6-11 N. Kennedy (7)  
18 009 TALAREK 6 (M) S. Ward 6-11 N. Kennedy (7)  
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## CRICKET

# Middlesex mauled by Martin's career-best haul

By RICHARD HOBSON

UXBRIDGE (first day of four; Lancashire won toss): Lancashire, with all first-innings wickets in hand, are eight runs ahead of Middlesex.

PLAYING alongside the England captain has cut both ways in the career of Peter Martin. He believes that it assisted his elevation to Test status two years ago but hastened the return journey when his form began to dip last season. The only pity for Martin yesterday was that Michael Atherton was not in the slip cordon to witness the best performance of his career.

Arriving at Uxbridge expecting the customary flat pitch, he was pleasantly surprised to discover that the surface contained enough moisture to assist his medium pace and even happier on

hearing that Neil Fairbrother had won the toss. After 16 overs, Middlesex, the championship leaders, stood on 42 for seven and, despite a partnership of 54 between Owain Shah and Jamie Hewitt, they succumbed for 118, the lowest total at this ground.

That certain somebody might be Mike Gatting. The England selector became the third of Martin's victims when Andrew Flintoff took a catch off his end pad at third slip. Gatting took out his frustration on one of the squash courts behind the pavilion, but saw enough later to recognise the quality of the performance.

As the pitch began to dry, so began the easter. When Lancashire replied, Nathan Wood recorded his maiden championship half-century and helped his side to take the lead without the loss of a wicket before heavy rain brought a premature close.

In achieving their first win of the season against Worcestershire on Monday Lancashire "removed the weight of a grand piano from our shoulders", according to Martin. To follow it with a second success immediately will be no mean achievement, considering the achievement of Crawley, Gallian, Watkinson and Wasim Akram as well as Atherton.

An element of good fortune helped them on their way yesterday. In the fifth over, Weeks, attempting to drive Martin through mid-wicket, hit Wood, at short leg, on the neck, and saw the fielder grasp the ball instinctively. After a long deliberation the umpires declared themselves satisfied that ball had not struck Wood on the helmet before resting in his hands.

Four balls later, Ramprakash edged an expansive drive to Hegg, before Pooley offered a second catch to the wicketkeeper in attempting to field off a rising ball. Fairbrother held a smart chance offered by Kalais while Johnson perished, shouldering arms.

Hewitt went for his strokes immediately and Shah underlined his promise with some crisp shots off his legs. However, Hewitt drove Martin tamely to mid-off and Shah fell leg-before.

It also led to false hopes of Oxford glory. Singh quickly established his mastery, moving serenely to 91 from 126 balls. Then came House, like Smith under contract to Kent. His quickfire 94 included 14 fours and two sixes to the short square leg boundary. All three fell victim to Patel, a wholehearted trier, who six for 110 was by some way a career best.

Cambridge emerged from an indifferent start to belabour Oxford's bowling with gusto. The initial progress was made by Anurag Singh and Robin Jones, during a partnership of 136 from 34 overs, after Oxford had removed both openers for 48. Then, Will House and David Churton increased the tempo. House was dominant in a partnership of 124 for the

fourth wicket and, after that, it was chiefly a matter of piling on the runs before having a go at Oxford, before the close.

Charlie Lightfoot bore a charmed life before being taken low down at the wicket, but Oxford met with no further disaster.

Oxford had already suffered enough disappointment for one day. Early hopes had been raised by the dismissal of Ed Smith, second in the first-class batting averages, first bowled by an off-break from Patel and then caught at slip off the same bowler nine runs later. Radcliffe soon followed, playing no stroke to Battersby's first ball.

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As Keith Fletcher admitted, Robinson is in need of a decent run in the side. The difficulty Essex have is how to accommodate him when Hussain is available. This was his second championship half-century of the season, made with 14 fours in almost 4½ hours, but it was only his fourth match.

There was little movement

BUOYED by the failings of the championship leaders at Uxbridge, Essex, who are two points behind Middlesex, ultimately made something of their first innings after they had been put in to bat and lost nine wickets for 214. A tempestuous innings of 78 by Darren Robinson and a last-wicket stand of more levity between Ashley Cowan and Peter Such enabled them to reach a total of 280. Mark Ilott then took wickets with the first two balls of Somerset's reply.

In spite of being hit on his helmet, which prevented him from fielding at the start of his innings, he played with no little spirit. The match was frustrated by rain at Swindon, where only seven overs were bowled. Glamorgan got in to bat on a slow, seaming pitch, had reached 19 without loss when the persistent drizzle turned into a steady downpour.

Two of the contendents for the championship, Glamorgan and Gloucestershire, were frustrated by rain at Swindon, where only seven overs were bowled. Glamorgan got in to bat on a slow, seaming pitch, had reached 19 without loss when the persistent drizzle turned into a steady downpour.

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# Class acts renewing their chivalrous rivalry



Sampras: record in sight

THE cheers rolled around No 1 Court like a summer storm, prompting previously silent spectators to break into a spontaneous chant. This came as some surprise to Pete Sampras, since a certain Tim Henman, the object of the crowd's affection, was nowhere to be seen.

Sampras, struggling to come to terms with the false sense of security that threatened his progress to the quarter-finals, was too preoccupied by Peter Korda's challenge to take offence. British tennis in its present guise might be a force of nature, but it would be a mistake to forget the sport's eternal verities.

The world No 1 has had his bad match, survived in five sets yesterday afternoon. The bookmaking industry, hardly a charitable institution, regards him as a short-priced favourite to win his fourth Wimbledon title in five years.

In the unlikely event of it being viewed dispassionately, today's Centre Court collision with Boris Becker has a scope beyond Henman and a substance the transcontinental cult built around Greg the Grin will never acquire. It will be tinged with history, not tainted by hyperbole.

"This is what the game's all about for us, Boris and I," Sampras acknowledged. "Wimbledon. The grand slams. Walking out together in front of a packed house. We've had some unbelievable matches in the past. We have a lot of respect for each other and know what to expect."

Becker spoke like a kindred spirit. "I always have a similar feeling about Wimbledon," he said. "This is just 'the place'. It is the most important, the most prestigious, the oldest tournament in the world."

## Michael Calvin welcomes a quarter-final clash of two of the game's greatest players

These are not rheumy-eyed traditionalists, relying on the invulnerability of hindsight. They are serial champions with a clarity of purpose developed by experience, mutual respect and a growing sense of their places in the sport's structure. Each, remember, has won Wimbledon three times.

Sampras has won ten of their 17 meetings and regards the last, a tumultuous five-set victory in the ATP final in Hanover last November, as "one of the best matches I've ever been part of". Neither has anything to prove to the other, except perhaps their ability to redefine the depth of their desire.

"I've always admired him, how he

handles being a superstar in Germany," Sampras stressed, after he had allowed Korda to keep him on court for 3hr 2min by winning third and fourth set tie-breaks. "It's so different for me in the States, where I'm kind of a regular guy. As a person and as a tennis player, Boris is a class act."

Becker, conscious of the cumulative strain of injury, believes he has another grand slam title in him and understands instinctively that this afternoon could be a pivotal occasion. He has a statesmanlike stature and the type of rational, reflective personality that earns him as the sport's natural successor to the late Arthur Ashe. He unabashedly

hails Sampras as "a great champion" and will stir powerful emotions on the Centre Court, which he stresses "that bit more special than any other in the world". It will be an ideal stage, because anyone with such reverence of tradition strikes a chord.

Boris is a little older now and, in the eyes of the crowd, he might be the underdog. Sampras acknowledged. "I don't look at it this way. He's as favoured to win as I am. I am sure the fans are looking forward to a good, clean match."

When Sampras is obliged to peer into the future, he sees nothing but the past. He has won nine grand slam titles and needs three more to equal the record, held by Roy Emerson, Bjorn Borg, Rod Laver and Bill Tilden are the only other three to have won more than Sampras.

"Now I'm on my ninth title, the record has been talked of a little more," he said. "Breaking it is something that I've talked about and thought about, because it is realistic that I could do it. I'm 25 and I feel I have five, six, seven years left in my career. But at this point I'm not worrying about anything but playing Boris."

Inevitably, before he left to prepare, Sampras was prevailed upon to snoot Henman as The Next Big Thing. Being an essentially decent man, he duly obliged. "Tim's playing very well," he said. "When you've got that level of support from the fans, it can raise the level of your tennis. Last year, he came out of nowhere and he's proved he's for real. He's here to stay."

So, for the record, is Pete Sampras.

## Tarango bows out on his best behaviour

By NICK SIEZEPANIK

JEFF TARANGO has acquired something of a reputation over the years: talented but wayward, at odds with both umpires and opponents. Yesterday, however, although the American finished on the losing side, he and his doubles partner, Jens Knippschild, of Germany, had nothing much to bellyache about.

They lost, but then they probably expected to — they were playing against the No 1 men's doubles seeds and hottest of favourites, Mark Woodforde and Todd Woodbridge, of Australia. The Woodies are akin to a force of nature, you might as well complain about a volcano or an earthquake. True, Knippschild and Tarango had two break points in the second game of the second set and could have pulled back an earlier break, but the Woodies, as they usually seem to, pulled things around.

There was a disputed call by a line judge, but it was against the German and when the official received a hard stare, it was Tarango who came over to act as peacemaker — some mischievous surely?

In the seats, there was an Australian cheering section, but the largest following for a doubles pairing is for the other Australians, Mark Philippoussis and Patrick Rafter, who attract an international crowd, mostly female, for some reason. Yesterday they advanced to the quarter-finals at the expense of Stole and Suk before a packed No 18 Court, the new show court. Also through are Neil Broad, of Britain, and Piet Norval, of South Africa, who were straight-set winners against the number six seeds, Ferreira and Galbraith.

## Stich still hopeful of one last hurrah

By OUR SPORTS STAFF

MICHAEL STICH, the 1991 men's singles champion, reiterated yesterday that whether or not he goes on to win a second title at Wimbledon this year, he will not return as a player.

Stich, who plays Tim Henman today for a place in the semi-finals, was the world No 2 in 1993 but is now languishing in No 88 in the rankings and took the decision that this would be his last year of active competition because of a persistent shoulder injury.

"The pain comes and goes," Stich said after his victory in the fourth round over Mark Woodforde. "My decision to retire won't be affected, however, whatever my result here, and I have no intention of playing at the United States Open."

"I would love to win this title," he said, adding mischievously, "then I could see next year what the All England Club is going to do, because the defending champion cannot open the tournament on Centre Court on the first Monday."

Stich still retains the confidence that won him the title six years ago: "I won this tournament once before and it was no accident. Of course I am able to do it again."

■ Steffi Graf, unable to compete at Wimbledon this year because of surgery to her knee, will fall to her lowest world ranking since March 1986 next week. Jana Novotna, of the Czech Republic, will move up to No 2 whether or not she beats Arantxa Sanchez Vicario in the semi-final today, while Monica Seles will be No 3 and Iva Majoli No 4. Graf could fall to No 6 if

Sánchez Vicario goes on to win the tournament.

Annie Liebowitz, the famous American photographer, has been at Wimbledon this year for the purposes of doing a photo spread with Martina Hingis. However, she has been unimpressed with the welcome that she has received from the All England Club.

"I get the impression it's very difficult for a journalist or photographer to work here," Liebowitz said yesterday. "I would prefer a much smaller venue. I look at the photographers in the pit in one place, working with long lenses and I feel for them ... I'm glad I get to do my work in controlled shoots."

■ CENTRE COURT (from left): Miss M. HINGIS (Switzerland); Miss A. Kournikova (Russia); P. SAMPRAS (USA); B. BECKER (Germany); Miss J. NOVOTNA (Czech Republic); Miss A. SÁNCHEZ VICARIO (Spain).

No 1 COURT (11.0): G. Rusedski (GBR); C. Pioline (FRA); M. Stich (GER); V.T. HENMAN (GBR).

No 2 COURT (11.0): N. Keler (GER); T.A. Woodbridge (AUS).

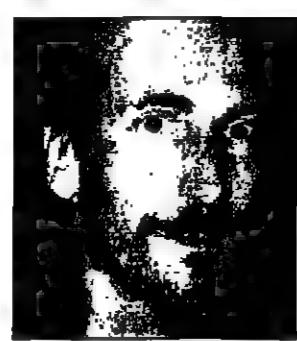
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## Kournikova passes with flying colours

SIMON BARNES



At Wimbledon

Let us be controversial today. No, let us be downright perverse. Let us start off by talking about Anna Kournikova's tennis. We will get to the knickers in due course, but let us first talk about forehands and backhands.

Kournikova, of Russia, unseeded and 16, took on Iva Majoli, of Croatia, seeded No 4 and aged 19. Kournikova prevailed in the face of form and expectation and, to the shutter-clattering delight of the court-side photographers ("great knicker shot"), won 7-6, 6-4.

It was a match of revealing contrasts. With the intense, almost hysterical concentration of these two teenagers, one was reminded irresistibly of exams. Majoli was like the class swot doing her A levels; Kournikova, like a teacher's pet doing her O levels.

They approach their exams in different ways, these schoolgirls. Majoli plays her tennis by the rule method. "Here, Shakespeare makes it clear that Polonius is an old man..." She has studied how to pass, read all her *Key Facts* crib-sheets and she knows that if you do enough work and don't forget your lessons, you generally pass.

Her game is based on the principle of the metronome. Whack it to one side, whack it to the other. Sooner or later, your opponent will make a mistake. If you keep on and on banging the ball, it becomes inevitable that she will make more mistakes than you. So

you will win. It won't be pretty, but it will be victory.

It is a philosophy that has brought her within touching distance of a top-three spot, but yesterday she came up against a schoolgirl who has a real feeling for her subject. Kournikova has flair, invention, courage to try things and, when she gets a bit of a head to play with, she has a forehand to do for. It travels hard, fast and downwards, a traces bullet of a shot. She delivers it like a Dostoevsky heroine slapping the face of a faithless lover.

Now this is not something that gives Majoli deep and lasting pleasure. She is not one of those Sampras-like players who revel in a peculiar kind of stellar anonymity. She feels hurt, unwanted, unloved, uncherished. The school swot wants to be teacher's pet and feels that she has a right to be loved as well as admired.

And she has spoken up



Kournikova bounds across court to attempt a forehand pass during her impressive victory over Majoli yesterday. Photograph: Gill Allen

in revealing it, I believe I have something of a world scoop.

Here it comes: Majoli is the French Open champion. No, really, I mean it. This year, yes, she outwitted Martina Hingis in the final. Most people with an interest in tennis will remember Hingis's defeat; only real buffs will remember Majoli's victory.

Now this is not something that gives Majoli deep and lasting pleasure. She is not one of those Sampras-like players who revel in a peculiar kind of stellar anonymity. She feels hurt, unwanted, unloved, uncherished. The school swot wants to be teacher's pet and feels that she has a right to be loved as well as admired.

So there were a few meaningful looks on court, a marked tendency to walk

about this loud and clear — complained that the Women's Tennis Association (WTA) is keen on pushing its marketable kids than on cherishing its champions. They work to the detriment of those who have worked, sweated and actually won something.

Majoli mentioned Venus Williams, who is unquestionably promising, American and black — but has done nothing.

And she mentioned Kournikova, won nothing, looks a million dollars. Literally. Needless to say, these remarks did not go unappreciated by Tsarina Anna and her equally user-like mother.

So there were a few meaningful looks on court, a marked tendency to walk

about a bit when your opponent was about to serve. It was a pouting match and though you would always have backed Kournikova to win a pouting contest, the fact is that she also had the edge in tennis.

And in knickers. Back in the 1960s — at the period when they were swinging rather than during the follow-up to the Summer of Love — Mary Quant remarked that the focal point of modern male and female fashion was the crotch. It was a fearfully scandalous thing to say at the time.

Short skirts come and go in street fashion, but they cannot do without them in tennis, which has made knickers a vital fashion item since the days of Gussie Moran. Frills

are rather *vieu jeu* these days, but the Kournikova fashion statement is black knickers beneath a white dress.

The effect of this startling and determinedly eye-catching contrast might be more obvious if she carried a notice that said "please look at my knickers" — but only might.

But then Kournikova does not exactly play it as a little innocent. Stalking through Roland Garros at the French Open this year (did you know that some one called Majoli won it by the way?) she was wolf-whistled at by a pair of chaps aware that Paris has its solid reputation to keep up.

She tossed them a contemptuous look over her shoulder and said: "You could not afford

me." No wonder the WTA is so keen on promoting her.

Showing what she is made of is rather Kournikova's stock-in-trade — she was photographed in one of the Sunday papers with about a foot and a half of naked midriff on display — but yesterday she added more than a spot of tennis to the equation. Ball and a desire to work magic with it.

Whether she will have quite enough ammunition to get past Martina Hingis in the semi-final is another matter altogether, but with her victory yesterday, Kournikova showed that she has arrived. We will see a great deal more of the tsarina. Tennis, I was talking about tennis.

THE FITNESS & FRAGRANCE BY RALPH LAUREN



### RESULTS FROM THE ALL-ENGLAND CHAMPIONSHIPS

Men's singles	
Winner: C. Rusedski	
Runner-up: G. Becker	
Holder: R. Krajicek (Hol)	
Fourth round	
P. SAMPRAS (USA) bt R. KORDA (CZ) 6-4, 6-2, 6-4, 6-3	
T. HENMAN (GBR) bt R. KRAJICEK (Hol) 7-6, 6-7, 7-6, 6-4	
Men's doubles	
Winner: C. Rusedski	
Runner-up: C. Pioline (FRA)	
Holder: T. A. WOODBRIDGE (AUS) and M. WOODFORDE (GBR)	
Third round	
J. BJORNMAN and N. KULTI (Swe) bt R. E. BECKER (GER) and C. R. KRAJICEK (Hol) 6-3, 6-2, 6-3	
N. BROAD (GBR) and P. NORWAL (SA) bt E. FERNANDEZ (USA) and P. GALBRAITH (USA) 6-3, 6-4, 6-4	
D. JOHNSON and F. MONTANETA (USA) bt S. W. BLACK (USA) and C. HOGGARD (GBR) 6-3, 6-2, 6-4	
T. A. WOODBRIDGE and M. WOODFORDE (GBR) bt C. HOGGARD (GBR) and C. J. HOGGARD (GBR) 7-5, 6-1	
M. PHILIPPOUSSIS and P. RAFTER (Aus) bt S. CUKA (SLO) and C. SUK (CZ) 6-4, 6-3, 6-4	
M. DAMNI and P. WIZNER (Cz) bt M. KNOWLES (GBR) and M. NICHOLAS (USA) 7-5, 6-4, 6-4	
J. EINHORN and P. HAARHUIS (Hol) bt S. GREEN (GBR) and S. HIRSON (CZ) 7-5, 6-4, 6-4	
ELTINGH and HAAHRHUIS (Hol) bt C. HOGGARD (GBR) and C. J. HOGGARD (GBR) 6-4, 6-3	
WOODBRIDGE and WOODFORDE (GBR) bt D. MacPhee (GBR) and D. Muller (SA) 6-4, 6-2	
PHILIPPOUSSIS and RAFTER (Hol) bt N. Hohn (GBR) and N. Holm (Hol) 6-4, 6-4	
Women's singles	
Winner: C. Rusedski	
Runner-up: E. FERNANDEZ (USA)	
Holder: S. Graf (Ger)	
Quarter-finals	
M. HINGIS (Swe) bt D. Chochova (Cz) 6-3, 6-2	
A. Kournikova (Russia) bt I. Majoli (Croatia) 7-6, 6-4	
J. NOVOTNA (Czech Republic) bt I. Tausz (Hol) 6-3, 6-2	
A. SÁNCHEZ VICARIO (Spain) bt N. Tausz (Hol) 6-2, 7-5	
Fourth round	
Tsitsipas (Hol) bt S. PETRESCU (Rom) 6-7, 6-1, 6-7, 6-3	
Kournikova (Russia) bt I. Majoli (Croatia) 6-3, 6-4	
J. NOVOTNA (Czech Republic) bt I. Tausz (Hol) 6-3, 6-2	
A. SÁNCHEZ VICARIO (Spain) bt N. Tausz (Hol) 6-2, 7-5	
Women's doubles	
Winner	

ROWING: HENLEY STEWARDS FORCE LEADING AMERICAN TO FORSAKE RED, WHITE AND BLUE

## Bold Haining throws down gauntlet

By MIKE ROSEWELL  
ROWING CORRESPONDENT

PETER HAINING, the triple world lightweight champion, came safely through his heat in the Diamond Sculls on the opening day of Henley Royal Regatta yesterday, but only after shaking off a stubborn challenge from Derek Atkins, 21, from Nottingham.

Haining, who confused the Stewards by embarking at Upper Thames RC rather than the boat tents, led off the start into a tough headwind, but Atkins, off 4½ in and more than a stone heavier, pulled back to level and there were only a few feet between them just before Fawley.

"Peter is in his groove now," said Marysh Chmuel, Atkins's coach, who was colleague of Haining's in the winning Nottingham crews at Henley in 1989 and 1990. Chmuel was right and Haining, forced to stop in some recent races because of breathing problems, went on to win by a length, easing up before the line.

The Scotman, now sporting a beard, resorted to his inhaler after crossing the line but seemed pleased with his efforts. "Tell the other scullers they have got a race on their hands. Every day, it's getting better. The wee magic is coming back," he said.

The selected scullers enter the fray today and Haining faces one of them, Nick McDonald-Crowley, from Australia. Several other non-selected scullers also showed grit yesterday. Paul Hone, of London, Simon Spriggs, from Australia, Serryth Colvert, of Ireland, and the German, Ulf Meyer, who were all behind at the halfway mark but finished as winners.

Oliver Griffiths of Chester, who led from start to finish to win his race, today meets Greg Searle, who is to be sponsored through to the Sydney Olympic Games by Colonial, the Australian financial services company.

Spriggs is paired with the top American, Jamie Koven. Having entered from Brown University, Koven was required by the Stewards to paint out the national red, white and blue on his sculls and revert to his university's brown and white. Koven, like Greg Searle, has converted to sculling this year after a successful rowing career, which saw him win three times at Henley.

The first selected crew to lose hope of a medal were the unfortunate schoolboys from St Andrews, Delaware, in the Princess Elizabeth Cup. Racing Canford, the Americans, according to the official recorder, "were clearly destined to win until they caught a crab at the Mile and Eighth. A second crab slewed them into the booms". Canford, who were trailing by 1½ lengths,



Haining, newly-bearded, pulls clear from a stubborn opponent to win his heat in the Diamond Sculls yesterday. Photograph: Adrian Sherratt

paddled past to win, maintaining their Henley giant-killing reputation, although their headmaster, John Lever, a Cambridge-blue in 1973, said: "You do not like winning like that."

The most eye-catching race in the Wyfold coxed fours was between London and Worcester, two crews many thought should have been selected: they were neck and neck until the higher-rating London crew eased ahead in the Enclosures.

A good omen for the London University crew selected in the Britannia coxed fours was that Dominic Hill, who stroked Bentham BC, the crew best yesterday, has lost to his university's brown and white. Koven, like Greg Searle, has converted to sculling this year after a successful rowing career, which saw him win three times at Henley.

There were no big upsets in the Thames Cup eight, although it was difficult not to feel sorry for Bedford RC, who found themselves out of Henley at 8.37am, having lost a classic encounter with Nottingham and Union by a margin of 2½.

Five more events begin today, including the Silver Goblets pairs, and the women's sculls, providing a sight of Rob Thatcher and Ben Hunt-Davis, leaders of the World Cup pairs, and the Olympic finalist, Guin Batten.

### RESULTS FROM HENLEY ROYAL REGATTA

#### Thames Cup

Holders: Neptune (Ire)

First round  
Nottingham and Union bt Bedford 2½, 7min 32sec

Thames Traders' bt Molesey 1¾, 7.08

Vesta M Apcroft ¾, 6.55

Garda "Siochana" (Ire) bt Upper Thames B 3, 7.05

Castle Semple bt Bow Bridge 4, 7.02

St Catherine's (Can) bt Stanford (US) 1¾, 6.58

Furnival Sculling Club bt Mitsubishi (Japan) ¾, 7.10

Thames Traders' A bt Auriol Kennington 4¾, 7.02

Upper Thames A bt Reading 1¾, 6.47

Neptune (Ire) bt York City 3¾, 7.12

Essen-Kupferdröh (Ger) bt Walton 1¾, 7.25

Nottingham A bt Sydney (Aus) 2¾, 6.53

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Nottingham



# Of metamorphosis and animal magnetism

**B**eing the kind of alert and intelligent person who keeps a watchful eye on political upheavals and other important world developments, you have probably already noticed that Rolf Harris — now that his hair, and his little goated beard have turned white — is slowly metamorphosing into Colonel Sanders.

Harland Sanders rose to fame as the founder of Kentucky Fried Chicken — the finger-lillin' treat that I, at least can eat between meals without ruining my appetite, because I am very likely to have violently regurgitated it by dinner-time. Like the Colonel — who did a variety of jobs before hitting the big time, including farmhand, buggy painter, streetcar conductor, ferryboat operator, life insurance salesman, and petrol station operator — Rolf is multi-talented: he paints, he plays the didgeridoo and the wobble-board, he has a Number One hit with

*Two Little Boys*, he can make a weird noise like a dog panting and hiccupping at the same time, and he even hosts popular television programmes.

The latest is *Animal Hospital Revisited* (BBC1), in which Rolf brings us up to date with the pets, strays and invalids who were nursed by vets at the RSPCA's Harnsworth Hospital in the last series of *Animal Hospital*. But his eerie similarity to Colonel Sanders has added spice to the otherwise soggy programme, because in those moments when we are looking away (to avoid seeing the vet cutting open a Pekinese called Sushi to remove an infected womb that looks like a swollen saveloy) we can distract ourselves by wondering if Rolf is really a dark horse whose secret life is as racy as the late Col Sanders's turned out to be.

In *The Colonel's Secret*, a book published a few months ago, Sanders's daughter Margaret re-

vealed that the Colonel had a voracious sexual appetite, apparently far too big for just his poor wife to satisfy. Reading the details of his sexual exploits, which continued well into his eighties, you hope that (a) your stamina will survive as long, and (b) he found time to wash his hands thoroughly before mixing up a fresh batch of chicken seasoning. Like you, I've always wondered how Rolf developed that unique panting-cum-hiccupping grunt, and now we have good grounds to speculate.

**S**ushi's infected womb was caught just in time. Annie, the Jack Russell who let a huge black Alsatian creep up on her, had to pay for her pleasure: she needed a Cesarean to extract the two giant puppies that the couple produced. Even Duchess, the cat who was so fat she couldn't groom herself, is on the mend. Duchess — the size of a chest

## REVIEW



Joe Joseph

freezer — was clearly named after another Duchess, whom we know better as Fergie.

Duchess's owner had followed the vet's advice to cut down from one can of food a day to half a can. But she was still feeding her a plate of fish at lunchtime. Plus milk. Oh yes, and a few bowls of cream. A little ham. Plus biscuits. And treats. She may well have been taken for secret visits to

Madame Vasso, Fergie's former spiritual adviser, too. This feline Fergie became so like the real Duchess that you fully expected Lord Charteris, the Queen's former right-hand man, to slide up to Col Rolf Harris and mutter "Vulgar, vulgar, vulgar", just as he once did about the real Duchess of York. At least all this *doppelgänger* activity gives *Animal Hospital Revisited* a subject that keeps you watching long after its recovery-ward contents otherwise merit.

Stay tuned, because straight afterwards on *Hot Gadgets*, also on BBC1, Carol Vorderman was desperately trying to metamorphose into somebody who gives a damn about all the various gizmos turned out by her "road-testers" and then paraded before the studio audience. These included a solar cooker for use on picnics: this is a long tube into which you insert a skewer of food. You leave it out under the open skies, and — hey

presto — you open it up in June 1998 to find that your chicken kebabs are nicely crisp on the outside, but still moist enough on the inside to give you salmonella.

In an attempt to salvage something of the show, Vorderman grabs every chance to repeat her new street-market cry of "Is it hot or is it not?" — the question she barks out when asking the audience to pass judgment on a gadget.

**P**resumably she is hoping to turn it into a national catchphrase, along the lines of "Nice one, Cyril", or "Ooh, you are awful, but I like you". But does it really have a future? Maybe one day soon you will overhear a diner in a restaurant greet the waiter carrying a bowl of soup to his table with the phrase "Is it hot, or is it not?", accompanied by a knowing smirk. Then again, maybe you won't.

One of this week's gadgets was

interactive TV. A set-top box and a keypad meant "you can take part in your favourite TV shows". This allowed you to see if you are smarter than the contestants on *University Challenge* or *Call My Bluff* by pressing a button on a keypad rather than in the old, low-tech way of shouting at the TV. But why not let us interact with, say, the evening news, or *Brookside* (Channel 4). Just as Gladys needed more and more drugs to help her through her cancer, we need bigger and bigger thrills to sustain us through *Brookside*. Now that Mick and Elaine have convived in suffocating Gladys with her pillow, and last night decided to keep their guilt a secret, the next audience-grabber is going to have to be bigger than euthanasia or incest. Pass us that keypad and let's see if we can't arrange for Pol Pot to emerge from hiding and materialise in *Brookside* Close.

## BBC1

6.00am *Business Breakfast* (9460)  
7.00 *BBC Breakfast News* (7)  
9.00 *Breakfast News Extra* (7) (888222)  
9.20 *Ready, Steady, Cook* (7) (1217828)  
9.50 *Kilroy* (7) (5889769)  
10.30 *Gloria's Time Off With Cliff Richard*  
Series on how celebrities spend their time off (289951)

10.45 *News at 1* (Regional News and Weather) (4361636)

10.50 *Cribspot*: *Third Test England v Australia*. Tony Lewis introduces coverage of the opening session of day one at Old Trafford (31713883)

12.35pm *Neighbours* (7) (3883574)

1.00 *One O'Clock News* (7) (827575)

1.30 *Regional News* (7) (4298845)

1.40 *Wimbledon 97 and Cricket*: *Third Test* Plus live coverage of the women's singles matches (8883139)

4.10 *Dinobabies* (7) (4745425) 4.35 Return to *Jupiter* (7) (8430864)

5.00 *Newround* (7) (1576932)

5.10 *The Six* (7) (4184845)

5.35 *Neighbours* Kar's return to medicine is not easy (7) (8168884)

6.00 *9 O'Clock News* (7) (19)

6.30 *Regional News Magazine* (53)

7.00 *Watchdog*: *Value for Money* presented by Vanessa Feltz. Wendy Richard embarks on a quest to find the perfect couple by comparing round, square and triangular teabags; *TV* receipts come under scrutiny and *Europress* winner Katrina Pule photographic developer to the test (7) (1651)

7.30 *EastEnders* Dot is forced to make a life-changing decision. Ted turns to Kathy for help but Phil is not sympathetic (7) (67)

8.00 *Crime Beat* Mervyn Lewis explores the growing popularity of closed-circuit television for reducing crime. He visits Accrington in Lancashire, where the success of CCTV monitoring has greatly reduced crime in public places, and learns how the "Big Brother" approach is helping to eliminate computer theft in business parks. Plus, the last anti-theft gadget is unveiled (7) (7603)

8.30 *Flight*: *Airport Documentary series* which goes behind the scenes at Heathrow, the world's busiest international airport (7) (6116)

9.00 *Nine O'Clock News* (7) Regional news and weather (3765)

9.30 *Budget Response* By the Conservative Party (633880)

9.35 *Smith and Jones* (7) (573832)

10.05 *News at 10*: *The Last Governor* First in a new series chronicling the trials and tribulations of Chris Patten (7) (582650)

11.10 *Cricket*: *Third Test England v Australia* (482861)

11.50 *They Shoot Horses, Don't They?* (1989) Sydney Pollack's Oscar-winning melodrama exploring the desperation of couples competing in Hollywood dance marathons in the 1930s. Starring Jane Fonda, Michael Sarrazin, Red Buttons and Bruce Dem (422845)

1.45 am-1.50 *Weather* (2717100)

## BBC2

6.00am *Open University: New Formulae for Food* (7467076) 6.25 *Diabetes: Restoring the Balance* (7449203) 6.50 *Control in Reproduction* (6670357)

7.15 *See Hear*: *Breakfast News* (7) (632232)

7.30 *Moomin* (7) (7444970) 7.55 *The Lowdown* (5935222) 8.20 *Charlie Chalk* (6032303) 8.35 *The Record* (2985932)

9.00 *Yesterday at Wimbledon* introduced by Sue Barker (489992)

10.00 *Telebilities*: (51380) 7.30 *Wiley Through the Sessions* (0461338) 11.15 *Face to Face*; *Ken Dodd* (5258552) 12.00 *The Sky at Night* (7) (1) (1923222) 12.20pm *Johnson and Friends* (8950425)

12.30 *Wimbledon 97 and Cricket*: *Third Test* Test Tennis: *Lyndon Liam* and Sue Barker present the 11th day of Wimbledon; *Cricket*: Further coverage on the first day of the third Test between England and Australia (8492864) 3.00 *News and Weather* (1410406) 3.55 *News*, regional news and weather (289796)

4.00 *Wimbledon 97 and Cricket*: *Third Test* Further action from day 11 at SW19 and Old Trafford (9341609)

5.00 *Being There*: *The thoughts and writings of early explorers combine with stunning wildlife photography to give a glimpse of life in Antarctica* (7) (8851)

6.30 *Tracks*: *Nick Fisher* finds out about German stilt midgets and Lindsay Cannon goes island hopping in the Hebrides. Marine biologist Guy Lirley-Adams explains the wondrous phenomena of tides (7) (706)

7.30 *EastEnders*: Dot is forced to make a life-changing decision. Ted turns to Kathy for help but Phil is not sympathetic (7) (67)

8.00 *Crime Beat* Mervyn Lewis explores the growing popularity of closed-circuit television for reducing crime. He visits Accrington in Lancashire, where the success of CCTV monitoring has greatly reduced crime in public places, and learns how the "Big Brother" approach is helping to eliminate computer theft in business parks. Plus, the last anti-theft gadget is unveiled (7) (7603)

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1.45 am-1.50 *Weather* (2717100)

## HTV

6.00am *GMT* (1579488) 9.25 *Supermarket Sweep* (1201067) 9.55 *London Today* (3069244) 10.00 *The Time, the Place* (55116) 10.30 *This Morning* (8494116) 12.20pm *Regional News* (8947951) 12.30 *ITV Lunchtime News* (8318999) 12.55 *Shortland Street* (8387390)

1.25 *Home and Away* (8318999) 2.00 *EastEnders* (8318999) 2.15 *Coronation Street* (8387390) 2.30 *Emmerdale* (8318999) 2.45 *Coronation Street* (8387390) 3.00 *Home and Away* (8318999) 3.15 *Emmerdale* (8318999) 3.30 *EastEnders* (8318999) 3.45 *Emmerdale* (8318999) 4.00 *Home and Away* (8318999) 4.15 *Emmerdale* (8318999) 4.30 *EastEnders* (8318999) 4.45 *Emmerdale* (8318999) 4.55 *Emmerdale* (8318999) 5.00 *Home and Away* (8318999) 5.15 *Emmerdale* (8318999) 5.30 *EastEnders* (8318999) 5.45 *Emmerdale* (8318999) 5.55 *Emmerdale* (8318999) 6.00 *Home and Away* (8318999) 6.15 *Emmerdale* (8318999) 6.30 *EastEnders* (8318999) 6.45 *Emmerdale* (8318999) 6.55 *Emmerdale* (8318999) 7.00 *EastEnders* (8318999) 7.15 *Emmerdale* (8318999) 7.30 *Emmerdale* (8318999) 7.45 *Emmerdale* (8318999) 7.55 *Emmerdale* (8318999) 7.55 *Emmerdale* (8318999) 8.00 *EastEnders* (8318999) 8.15 *Emmerdale* (8318999) 8.30 *Emmerdale* (8318999) 8.45 *Emmerdale* (8318999) 8.55 *Emmerdale* (8318999) 8.55 *Emmerdale* (8318999) 9.00 *EastEnders* (8318999) 9.15 *Emmerdale* (8318999) 9.30 *Emmerdale* (8318999) 9.45 *Emmerdale* (8318999) 9.55 *Emmerdale* (8318999) 10.00 *EastEnders* (8318999) 10.15 *Emmerdale* (8318999) 10.30 *Emmerdale* (8318999) 10.45 *Emmerdale* (8318999) 10.55 *Emmerdale* (8318999) 10.55 *Emmerdale* (8318999) 11.00 *EastEnders* (8318999) 11.15 *Emmerdale* (8318999) 11.30 *Emmerdale* (8318999) 11.45 *Emmerdale* (8318999) 11.55 *Emmerdale* (8318999) 12.00 *Emmerdale* (8318999) 12.15 *Emmerdale* (8318999) 12.30 *Emmerdale* (8318999) 12.45 *Emmerdale* (8318999) 12.55 *Emmerdale* (8318999) 12.55 *Emmerdale* (8318999) 13.00 *Emmerdale* (8318999) 13.15 *Emmerdale* (8318999) 13.30 *Emmerdale* (8318999) 13.45 *Emmerdale* (8318999) 13.55 *Emmerdale* (8318999) 13.55 *Emmerdale* (8318999) 14.00 *Emmerdale* (8318999) 14.15 *Emmerdale* (8318999) 14.30 *Emmerdale* (8318999) 14.45 *Emmerdale* (8318999) 14.55 *Emmerdale* (8318999) 14.55 *Emmerdale* (8318999) 15.00 *Emmerdale* (8318999) 15.15 *Emmerdale* (8318999) 15.30 *Emmerdale* (8318999) 15.45 *Emmerdale* (8318999) 15.55 *Emmerdale* (8318999) 15.55 *Emmerdale* (8318999) 16.00 *Emmerdale* (8318999) 16.15



## GOLF 48

Downpour fails to dampen spirits of cup contenders

## SPORT

THURSDAY JULY 3 1997

Patriotism reaches fever pitch as British duo battle for right to meet in semi-final

# Henman finds the finishing touch

By JULIAN MUSCAT, TENNIS CORRESPONDENT

IT IS hard to recall a man better cast for the saddle of expectation than Tim Henman. The British No 1 yesterday fulfilled the promise of Tuesday evening and consigned Richard Krajicek's Wimbledon reign to history. Now Henman and Greg Rusedski are poised to script some of their own. In the quarter-finals on No 1 Court today, Henman tackles Michael Stich and Rusedski faces Cedric Pioline for the right to play each other in the penultimate round. Last night, the bookmakers quoted odds of 9-4 for a British champion on Sunday.

Henman has won only one significant title but he is otherwise to the manner born. His comfort was evident on Tuesday, in spite of the premature conclusion to a struggle turning inexorably his way. Indeed, it was Henman, not Krajicek, whose aura infused the Centre Court on the resumption yesterday. It was he, not Krajicek, who was the champion. Now he must strive to become one.

"I feel very confident," Henman said after completing his 7-6, 6-7, 6-4, 6-4 victory. "This is the biggest tournament in the world and I have just beaten last year's champion. It is probably the biggest win of my career. For sustained quality, this is some of the best tennis I have ever played."

Henman resumed with a healthy advantage but a fast start was imperative to keep Krajicek on the leash. Having started slowly in each of his three previous matches, Henman immediately found a purposeful stride. Instead, it

was Krajicek who toiled, reopening the contest with a double fault that must have arrested his hopes in his tracks.

The error suggested Krajicek's mind had been poisoned by the overnight deficit, an impression endorsed by his reckless and unnecessary flirtation with the lines. Krajicek, of Holland, certainly looked the more vulnerable — and so it proved when he played a

match in style, too, serving up a love game to his legion of adoring spectators.

Henman's reward for mastering Krajicek is a tussle with Stich, the champion here in 1991. Stich, who plans to retire at the end of the year, is free of inhibition. Yet Henman must fancy his chances of repeating his victory over the German on their only previous encounter. "I played very well against him in Munich [in October] but he has definitely improved his game. He is very relaxed and that is when he plays his best tennis. He is going to be dangerous."

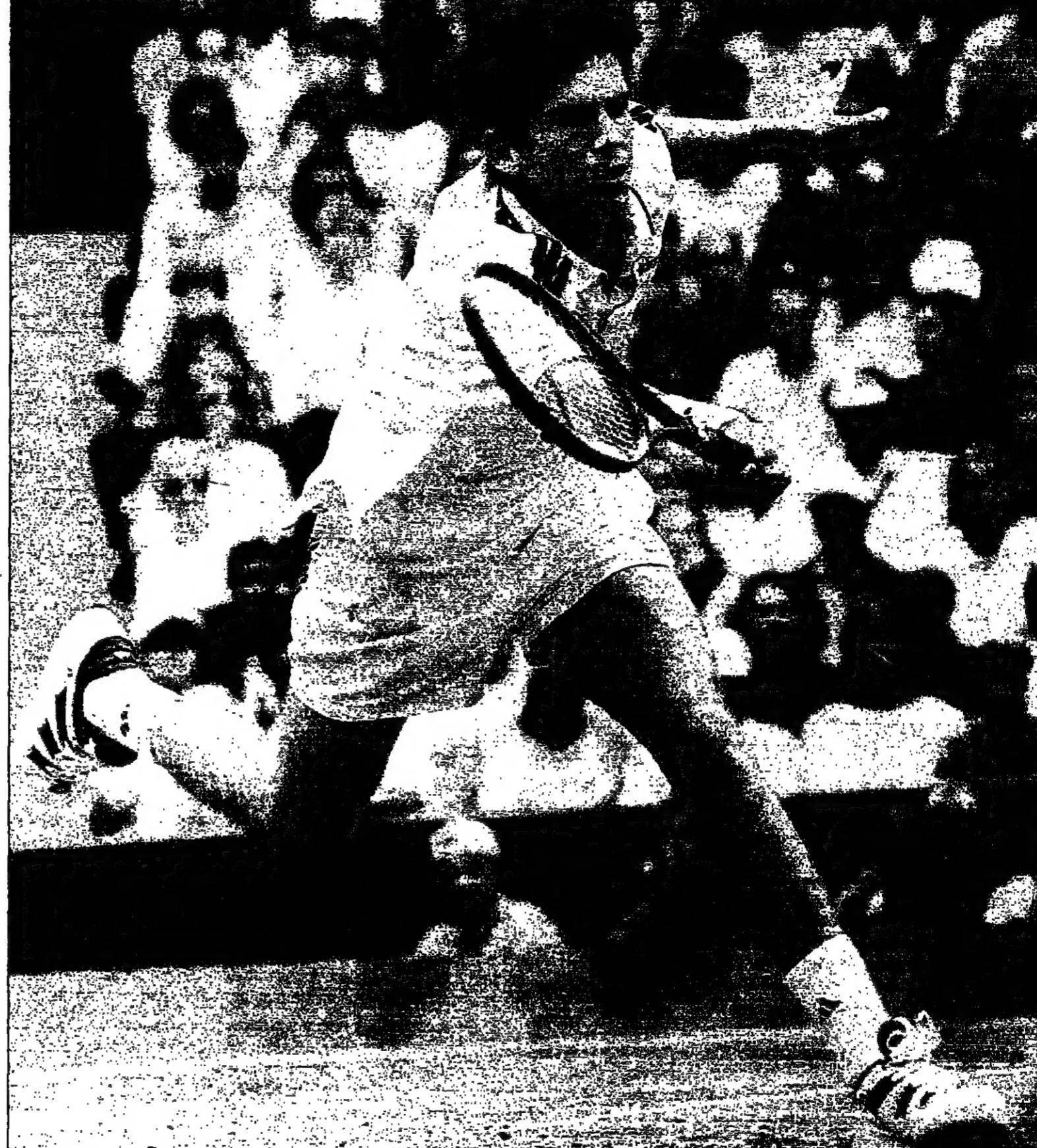
Henman, 22, knows that nothing less than victory will suffice. After Rusedski completes his match, Henman will step on court bearing the weight of a nation's hopes. Few competitors have the desire or the temperament to carry that burden like Henman. He raises his game, and with it, the prospect of a first British finalist at Wimbledon in 59 years.

Henman thrives on the energy of a baying crowd. He responds to their promptings. "The crowd is constantly behind me, constantly lifting me to greater heights," he said. "Whenever I struggle they give me confidence and keep willing me on. The crowd on Sunday has set the standard. That day will stand out forever and everyone who comes here is trying to repeat that." Amid mounting excitement, Henman will be counting on them again today.

Before that, Rusedski, opposed by Pioline, of France, enters an arena he has made his own this Wimbledon. It will be his fourth visit in five matches to a court that Pioline has never seen. Pioline has never seen Rusedski's game, either, but he might be aware of Rusedski's appetite for his countrymen. Rusedski beat three French opponents en route to the fourth round here two years ago, but Pioline boasts the superior grand-slam pedigree.

He reached the US Open final in 1993, when he was ranked among the top ten in the world. Two years ago, he extended Boris Becker to five sets here in the quarter-finals. He makes his third quarter-final appearance at Wimbledon against Rusedski, who has never previously progressed this far. "I know what it is like to play a big match on a big court," Pioline said. "Everybody expects Rusedski to play well in front of his crowd and beat me, so it is not an easy situation for him."

Rusedski, not surprisingly, sees it differently. Asked about the growing pressure on him, he said: "What pressure do I have on myself? I go out there and give it my best shot. That's the attitude I'm trying to take



Henman forces another forehand volley past Krajicek during his nerveless progress through the fourth set on Centre Court yesterday

to the court with me. I think I can go a long way with the support I have."

Like Henman, Rusedski is playing some of the best tennis of his career. As important within his inherently nervous disposition has been his peace of mind.

"I am fresh, focused and I'm up for it," he said. "If you can't

get up for Wimbledon then there's nowhere you can get up for. It is definitely a good opportunity playing Cedric Pioline. There are a lot of rougher matches."

Rusedski had in mind the quarter-final pitting Becker with another three-time Wimbledon winner, Pete Sampras, who yesterday survived a de-

manding five-set examination from Petr Korda. The fourth quarter-final brings together two unseeded opponents in Todd Woodbridge, of Australia, and Nicolas Kiefer, the third German among the last eight.

"Sampras's view, page 52  
Results, page 52

## MORSE



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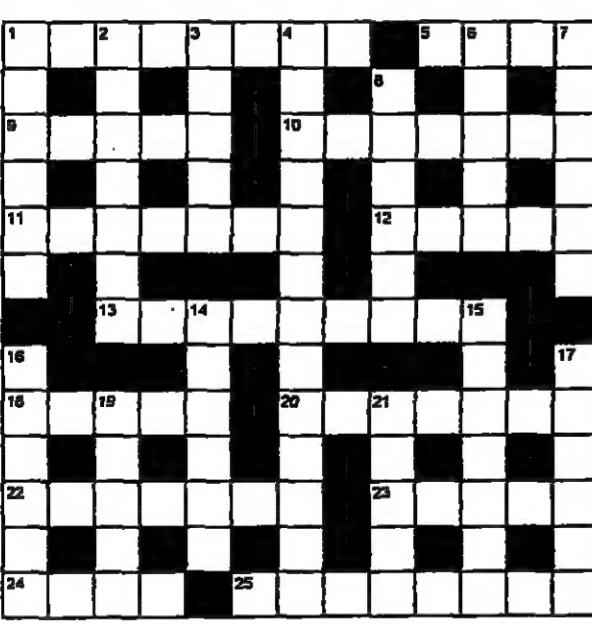
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Simon Barnes, page 52

## TIMES TWO CROSSWORD

No 1136 in association with  
BRITISH MIDLAND



**ACROSS**

- Similarly (8)
- Fall in heap; fail (4)
- Bundle of corn (5)
- Pride-punishing goddess (7)
- Book; cool manner (7)
- Cleopatra's country (5)
- Check (text) for errors (9)
- Something valuable (5)
- Improve function of (7)
- Reference book of the famous (4,3)
- Loft (5)
- Little—(Old Curiosity Shop) (4)
- Maker of goods, programmes (8)

**DOWN**

- Radiance, sheen (6)
- Dance, esp. for Mother Brown (5-2)
- Biscuit with ice-cream (5)
- Ability to see joke (5,2,6)
- Full of energy, health (5)
- Money in Madrid (6)
- Obstruct (6)
- Capital of Canada (6)
- Severe (measures) (7)
- Evolution theorist (6)
- Sportsman with sword (6)
- Low backless seat (5)
- Chemical-secreting organ (5)

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Post your entry to Times Two Crossword, PO Box 6886, London E2 8SP to arrive by next Monday. The winners' names and solution will appear on Wednesday.

Name/Address

**SOLUTION TO NO 1135**

**ACROSS:** 1 Patina, 4 Peaked, 8 Lark, 9 Taxpayer, 10 Camcorder, 13 Amber, 15 Strut, 16 Saute, 18 Stressful, 21 Provinces, 22 Yaws, 23 Pedant, 24 Tarty.

**DOWN:** 7 Durbar, 11 Obsession, 12 Dory, 14 Bouffant, 16 Slip up, 17 Glass, 18 Erect, 20 Ford.

## Girl power adds extra spice

By NICK SZCZEPANIK

### WOMEN'S SEMI-FINAL LINE-UP



Youth and experience: Hingis faces Kournikova while Novotna meets Sanchez Vicario

throwing away a winning position in her match against Steffi Graf. Sanchez Vicario, 25, has been the losing finalist in each of the past two years; 12 months ago, she borrowed the winner's plate from Steffi Graf during the presentation and hugged it to herself, to general amusement, but her desire to get her hands on it for real was only underlined.

The other match brings together two more experienced women who know the pain of losing Centre Court finals — Arantxa Sanchez Vicario, of Spain, and Jana Novotna, of the Czech Republic. They have played each other 16 times, with eight wins each, but the seventeenth will also be their first grass-court meeting, not counting the unfinished final of the Direct Line tournament at Eastbourne last month.

Either would relish the opportunity to banish painful memories. Novotna, 28, will always be remembered for the 1993 final, when she sobbed on the shoulder of the Duchess of Kent as she received her runner's-up medal after

having gone through an intense, rain-interrupted three-set match on Tuesday, was not quite as easy as Natalie Tauzat had suggested when she said on the eve of the match that she had no chance against Sanchez Vicario on grass. Psychology or not, it looked a fair assessment as Tauzat lost her first two service games cheaply and the first set 2-6, but the second set was more of a struggle. Sanchez Vicario needed all her tenacity to hang on, but Tauzat did not help her own cause with a succession of unforced errors, eventually losing 5-7.

Novotna's convincing 6-3, 6-3 victory over Yanyu Basuki, of Indonesia, gave little indication that she, too, had a tough three-set match the previous day. Novotna put Basuki's service under constant pressure at the net, but her own was seldom threat-

ened. She showed her delight

on the key points of the sixth game of the second set, when she broke Basuki thanks to two volleys and a drifting cross-court forehand. There was a double-fisted salute when she put away the final volley and, finally, a smile.

The other semi-finalists have no such history. Kournikova is appearing in her first Wimbledon, while Hingis reached the fourth round last year. Kournikova's victory over Iva Majoli, the No 4 seed and French Open champion, was the biggest surprise yesterday. The Russian had dropped the first set of her previous three games in the tournament, but triumphed in straight sets yesterday, 7-5, 6-4. Hingis, as expected, made relatively short work of Denisa Chladkova, winning 6-3, 6-2.

Yesterday, against an oppo-

1997



Bud

Empty